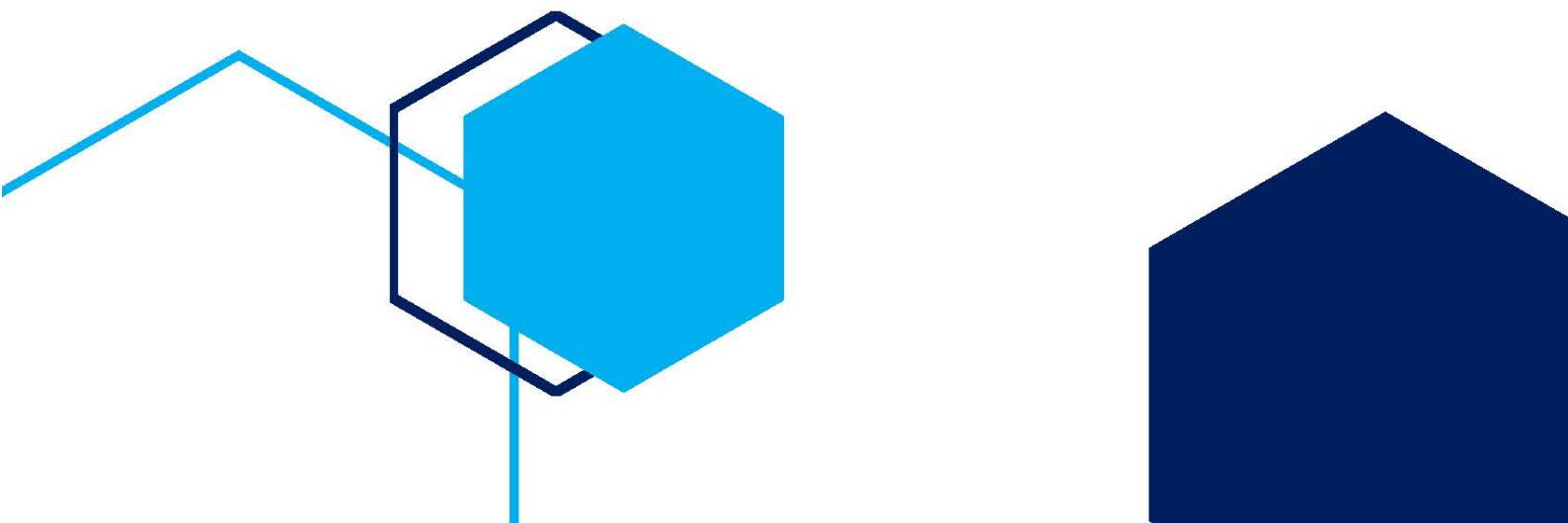


# **INTEGRATED DEVELOPMENT PLAN**

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**2020 - 2021**

**FINAL REPORT MAY 2020**



## FOREWORD EXECUTIVE MAYOR IDP 2020/2021

This report outlines our progress on the targets we set for ourselves, and most importantly, it gives our stakeholders and communities insight into the performance and achievements of the municipality.

We ought to remind ourselves that local government is the coalface of service delivery. We remain the catalyst for the provision of a basket of essential services such as bulk economic, social infrastructure and other social amenities.



In light of recent developments with regards to Covid-19, now is the time more than ever for municipalities to be at the forefront of applying a whole society approach which includes the strict safeguarding of the economy, maintaining delivery of public infrastructure safely while maintaining food security and transport links.

The size and structure of Midvaal's population is constantly evolving in an increasingly complex and precarious environment. This affects the demand from the current administration. Our residents are becoming increasingly aware of the need for a sustainable economy and lifestyles, as indeed is society as a whole.

We need to espouse the culture of maximizing on the limited resources we have so that we can meet our target irrespective of the challenges we face every day.

The municipality has performed considerably well over the last administrative period, winning the Diamond PMR Africa awards and achieving a clean audit for six consecutive years.

This is an affirmation for a clear commitment to clean governance and leadership that is accountable to its residents.

As a municipality, we dare not forget that our objective is to create value for all our stakeholders, and in furtherance of that aim, we apply ethical principle.

Finally, I would like to express my sincere gratitude to all Councillors, officials, and the residents of Midvaal Local Municipality for their dedication, support and co-operation, which enable the institution to excel and withstand all challenges.

*Together we can and will.*

A handwritten signature in black ink, appearing to read "Bongani Baloyi".

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Councillor Bongani Baloyi

**Executive Mayor**

## Updated MM's Forward to be included in the Final IDP

### FOREWORD MUNICIPAL MANAGER IDP 2019/20

The Integrated Development Plan for the period 2017/18-2021/22 was reviewed for the period 2019/20. The current vision and mission status are still maintained and will direct all current and future planning of the Municipality. We will continue to serve our community inclusively throughout Midvaal.

The focus on a credible and single implementation plan for Midvaal Municipality created a sound and stable foundation to ensure that IDP subscribe to this principle. The fact that South Africa economic forecast reflects slow and low growth for the short term requires alignment and dedicated focus on the limited resources available to the Municipality. Midvaal Local Municipality will only survive these difficult times if the Vision and Mission Statements are implemented to the full extent possible.



The human settlements plan which was included last year forms the basis for all future Infrastructure planning. This plan is aimed at ensuring that the Infrastructure requirements are aligned to the future human settlements strategy. The planning for these settlements cannot be done without considering the requisite services and social amenities to create sustainable communities. The IDP will also give direction for the next five-year Bulk Infrastructure planning.

The current budget was drafted as per the mSCOA directives which encompasses all seven segments. This will ensure implementation of all focus areas as per the approved IDP. The Service Delivery Budget Implementation Plan (SDBIP) would keep track of the goals and strategic key performance indicators that were developed for the medium-term expenditure framework.

The planned review of the IDP followed a different and intensive process in which Ward Committee members and Ward Councillors played a main function of interacting with the community and prioritise concerns in their ward. Equally it was the stakeholder groups engagements (e.g. business, schools, IDP) which were consulted individually as sectors.

The Municipality will continue to strive towards a customer-centric approach in dealing with concerns and aspirations of the entire population of Midvaal.

A handwritten signature in black ink, appearing to read "Albert de Klerk". Below the signature, there is a horizontal line and the text "Municipal Manager".

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## **1. Introduction**

### **1.1 Background**

The Municipal Systems Act, (No 32 of 2000), compels municipalities to prepare Integrated Development Plans (IDPs). The IDP serves as a tool for the facilitation and management of developments within the municipal area of jurisdiction. In conforming to the Act's requirements, the Council of Midvaal Local Municipality (MLM) has delegated the authority to the Municipal Manager to prepare the IDP.

The aim of the IDP for Midvaal is to present a coherent plan in order to achieve the vision of the municipality. The intention of this IDP is to link, integrate and co-ordinate development plans for MLM which are aligned with national, provincial and district development plans as well as planning requirements binding on the municipality in terms of legislation.

### **1.2 Legal Framework & Mandate**

The Constitution of the Republic of South Africa (1996) stipulates that the local sphere of government consists of municipalities which were established for the whole South Africa, the so-called wall-to-wall municipalities. The objectives of local government are set out in Section 152 of the Constitution as follows:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

In order to realise the above, the Municipal Systems Act, 2000 (MSA) was enacted. Chapter 5 of the MSA states that a municipality must undertake developmentally oriented planning, in the form of integrated development planning, to ensure that it achieves the objects of local government as set out in the Constitution. It must further give effect to its developmental duties as required by Section 153 of the Constitution.

According to Section 25 of the MSA each municipal council must, after the start of its elected term, adopt a single, inclusive and strategic planning (IDP) for the development of the municipality which links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality and which aligns the resources and capacity of the municipality with the implementation of the said plan. The IDP should form the policy framework and general basis on which annual budgets will be based and should be aligned with national and provincial development plans and planning requirements.

The Service Delivery and Budget Implementation Plan (SDBIP) is regulated by National Treasury Circular No. 13 dated 2005 and Performance Management by Regulation 29089 dated 2006.

Chapter 3 to 5 of this IDP outlines in detail how the long-term vision of MLM translates into an effective plan that aligns the municipal budget, monitoring and evaluating mechanisms as well as timeframes for delivery.

## **1.3 Cooperative Governance**

The Constitution (referenced in 1.2 above) further states that the three spheres of government are distinctive, inter-dependent and inter-related. They are autonomous but exist in a unitary South Africa and have to cooperate on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres.

Co-operative governance means that national, provincial and local government should work together to provide citizens with a comprehensive package of services. They have to assist and support each other, share information and coordinate their efforts. Implementation of policies and government programmes particularly require close cooperation between the three spheres of government.

A number of policies, strategies and development indicators have been developed in line with the prescriptions of legislation to ensure that all government activities are aimed at meeting the developmental needs of local government.

The following sections outline the national, provincial and district policy directives, sector plans and legislation that set the strategic direction and with which the Midvaal Local Municipality must align to ensure that government spending is directed at the pressing needs of the community and those that contribute towards economic growth.

### **1.3.1. National Development Plan**

The South African Government through the Presidency has published a National Development Plan. The Plan aims to eliminate poverty and reduce inequality by 2030. The Plan has the target of developing people's capabilities to improve their lives through education and skills development, health care, better access to public transport, jobs, social protection, rising income, housing and basic services, and safety. It proposes to the following strategies to address the above goals:

1. Creating jobs and improving livelihoods;
2. Expanding infrastructure;
3. Transition to a low-carbon economy;
4. Transforming urban and rural spaces;
5. Improving education and training;
6. Providing quality health care;
7. Fighting corruption and enhancing accountability;
8. Transforming society and uniting the nation.

As the core of the Plan is to eliminate poverty and reduce inequality and the special focus on the promotion of gender equity and addressing the pressing needs of youth. More importantly for efficiency in local government the NDP proposes 8 targeted actions listed below:

1. Stabilise the political-administrative interface;
2. Make public service and local government careers of choice;
3. Develop technical and specialist professional skills;
4. Strengthen delegation, accountability and oversight;
5. Improve interdepartmental co-ordination;
6. Take pro-active approach in improving national, provincial and local government relations

7. Strengthen local government;
8. Clarify the governance of SOEs.

The National Development Plan 2030 has been adopted by the National Cabinet in August 2012 and this place an injunction on the state and its agencies (including municipalities) to implement the Plan.

The Plan makes the following policy pronouncements and proposes performance targets that intersect with developmental mandates assigned to local government. Importantly, municipalities are expected to respond to these developmental imperatives when reviewing their Integrated Development Plan and developing the corresponding three-year Medium-Term Revenue and Expenditure Frameworks.

1. Youthful population presents opportunities to boost economic growth, employment and reduce poverty;
2. Strengthen youth service programmes – community-based programmes to offer young people life skills training, entrepreneurship training;
3. Increase employment from 13 million in 2010 to 24 million in 2030;
4. Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup;
5. Establish effective, safe and affordable public transport;
6. Produce sufficient energy to support industry at competitive prices;
7. Ensure that all South African have access to clean running water in their homes;
8. Make high - speed broadband internet universally accessible at competitive prices.

### **1.3.2. CoGTA – National KPAs for Municipalities**

Department of Cooperative Governance and Traditional Affairs (CoGTA) assess the progress made by municipalities against five Key Performance Areas (KPAs) and cross-cutting interventions adopted in the 5-Year Local Government Strategic Agenda. The five KPAs that form the basis of the assessments are:

- NKPA 1:** Municipal Transformation and Organisational Development;
- NKPA 2:** Basic Service Delivery;
- NKPA 3:** Local Economic Development (LED);
- NKPA 4:** Municipal Financial Viability and Management; and
- NKPA 5:** Good Governance and Public Participation.

The above allow CoGTA to determine how well each municipality is performing, compare its performance to targeted goals, create measures to improve performance, identify the municipalities that have under-performed and propose remedial action to improve performance of municipalities.

Local government is at the forefront of service delivery. The municipality supports the Department's initiative of Back to Basics to monitor and achieve the goals as set out in the NKPA's.

### **1.3.3. The New Growth Path**

This National Policy Framework deals specifically with issues such as creating decent, reducing inequality and defeating poverty through "a restructuring of the South African

economy to improve its performance in terms of labour absorption as well as the composition and rate of growth". Important and of practical consequence to local government, are the specific job drivers that have been identified:

1. Substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy;
2. Targeting more labour-absorbing activities across the main economic sectors – the agricultural and mining value chains, manufacturing and services;
3. Taking advantage of new opportunities in the knowledge and green economies;
4. Leveraging social capital in the social economy and the public services; and
5. Fostering rural development and regional integration.

#### **1.3.4. Gauteng City Region (GCR)**

The Gauteng City Region has a long-term vision of building a Metropolitan System of Governance, realised through working in a seamless way and characterised by high levels of coordination and integrated planning.

The GCR's vision is:

*"an integrated city region, characterised by social cohesion and economic inclusion; the leading economy on the continent underpinned by smart, sustainable and social-economic development."*

The Sedibeng District in which Midvaal Local Municipality is located, has been identified as the southern development corridor and is expected to contribute to the region through the creation of new industries, economic nodes and cities.

The Development of the GCR is anchored on the Transformation, Modernisation and Re-Industrialisation programme as listed on section 1.3.5 below.

#### **1.3.5. Gauteng Provincial Government's Ten Pillars**

The Gauteng Provincial Government administration has adopted ten pillars aimed at radical socio-economic and political transformation towards the modernisation and re-industrialisation of the province's economy. The ten pillars are as follows:

1. Radical economic transformation
2. Decisive spatial transformation
3. Accelerated social transformation
4. Transformation of the state and governance
5. Modernisation of public service
6. Modernisation of the economy
7. Modernisation of human settlements and urban development
8. Modernisation of public transport infrastructure
9. Re-industrialisation of Gauteng Province
10. Taking the Lead in Africa's new industrial revolution

### **1.3.6. Sedibeng District Municipality**

Through the National Growth Path, the National Government expects that all spheres of government must develop programmes which enhance sustainable economic growth to overcome the triple axis of poverty, unemployment and inequality through job creation and sustained through skills development targeting young people and women.

The Key Performance Areas (KPAs) of the Sedibeng District Municipality are aligned to the national and provincial strategic priorities and are the following:

**R1: Sedibeng KPA 1: Reinventing the Economy** from an old to a new by consolidating existing sectors and exploring new sectors of growth and in this way, build local economies to create more employment and sustainable livelihoods.

**R2: Sedibeng KPA2: Renewing our communities** from low to high quality through the provision of basic services, improving local public services and broadening access to them, and regenerating and property development to improve the quality of living.

**R3: Sedibeng KPA 3: Reviving a Sustainable Environment** from waste dumps to a green region, by increasing the focus on improving air, water, and soil quality and moving from being a producer and receiver of waste to a green city.

**R4: Sedibeng KPA 4: Reintegrating the region with the rest of Gauteng**, South and Southern African to move from an edge to a frontier region, through improving connectivity and transport links.

**R5: Sedibeng KPA 5: Releasing Human Potential**; from low to high skills and build social capital through building united, non-racial, integrated and safer communities.

**G1: Sedibeng KPA 6: Good and Financially Sustainable Governance**; through building accountable, effective and clean government, with sound financial management, functional and effective Councils, and strong, visionary leadership. It is about compliance and competence.

**D1: Sedibeng KPA 7: Vibrant Democracy**; through enabling all South Africans to progressively exercise their constitutional rights and enjoy the full dignity of freedom. To promote more active community participation in local government, including further strengthening the voice of communities and making sure that community-based structures such as ward committees, police forums, school governing bodies are legislatively supported to function effectively.

### **1.4 Political Vision for MLM**

In addition to the National, Provincial and District objectives presented in Section 1.3, MLM must also align to the political vision for the municipality. The political vision can be derived from the six electoral promises made by the Executive Mayor to the Midvaal community. They can be defined as follows:

#### **Promise 1: To be Youth Biased**

To prioritise uplifting the youth through the creation of productive activities in an enabling environment, empowering them to participate and contribute towards the success of Midvaal.

## **Promise 2: Be an open, transparent, honest and responsive government**

To be a trustworthy Municipality that responds with efficiency and integrity in the best interests of our people.

## **Promise 3: Grow the economy**

To incubate an enabling business environment, which fosters job creation and is supportive of key sectors, in order to address inequality and improve standard of living.

## **Promise 4: Quality & standardised service delivery**

Excellent service delivery for more with greater inclusiveness delivered through improved efficiency and innovation.

## **Promise 5: Safe communities and environment**

To create an environment safe from crime and which is proactive with respect to disasters.

## **Promise 6: Fight the demarcation Board**

To continue the fight to ensure that Midvaal remains an independent and thriving municipality for the people

### **1.5 IDP Theme 2020/2021**

Following the Political Vision as set out in 1.4 above, The MLM Executive Mayor has expressed the approach to further the attainment of the vision by focussing on Manifesto Promise 3: Grow the Economy. The promise is further expanded by promoting the below mentioned IDP Theme as the Municipality's primary focus for 2020/2021

The IDP Theme for 2020/2021 thus is: Growth and Employment with a specific focus on the Key sectors for growth:

- Agriculture;
- Construction;
- Tourism and;
- Commercial (Retail)

During the year 2020/2021, The Midvaal Local Municipality will introduce plans and measures that will seek to simultaneously advance employment creation for its community within the above-mentioned sectors while growing the local economy.

### **1.6 Process Plan**

**Table 1: Midvaal Process Plan**

<b>Proposed Date</b>	<b>Activity</b>
<b>August 2019</b>	Approval of Key Deadlines as required by Section 21 of the MFMA as well as the IDP Process Plan as required by the Municipal Systems Act.
<b>20 August 2019</b>	Final Virements for the 2018/2019 financial year to be approved by the Mayoral Committee.

<b>29 August 2019</b>	Council approval of the Annual Financial Statements and Draft Annual Report for the 2018/2019 financial year.
<b>31 August 2019</b>	Submission of Annual Financial Statements and Draft Annual Report for the 2018/2019 financial year to the Auditor General for auditing.
<b>16 September 2019</b>	Budget Steering Committee to review comments received from NT and PT regarding the 2019/2020 budget process as well as the approval of parameters for the compilation of the 2020/2021 budget.
<b>September October 2019</b>	<b>to</b> Tariff modelling to be undertaken by the Finance department in consultation with service delivery departments.
<b>September October 2019</b>	<b>to</b> Departments to prepare draft mSCOA compliant operating budgets – particular focus on Fund, Project and Item. Projects to be derived from IDP and clear link to be established.
<b>25 October 2019</b>	Departmental submissions of Adjustments Budget for 2019/2020.
<b>25 October 2019</b>	Departmental submissions of Draft Capital Budget for 2020/2021: <ul style="list-style-type: none"> <li>- Compilation of project plans (including outputs and outcomes to be achieved)</li> <li>- Motivations for new projects</li> <li>- Analysis of impact on operating budget.</li> <li>- mSCOA compliant, particular focus on Region and Project.</li> </ul>
<b>2 November 2019</b>	MM / HOD's meeting to discuss Adjustments Budget for 2019/2020 financial year.
<b>11 November 2019</b>	Budget Steering Committee to consider Adjustments Budget for 2019/2020.
<b>15 November 2019</b>	Finance department to submit Draft Operating Budget for 2020/2021 to departments for comments (including proposed tariffs).
<b>19 November 2019</b>	MM / HOD's meeting to discuss Draft Operating Budget for 2020/2021 (inclusive of tariff increases).
<b>January - February 2020</b> <b>(Detailed dates to be determined by the Office of the Speaker)</b>	Public Engagement in terms of sections 28 and 29 of the Municipal Systems Act: <ul style="list-style-type: none"> <li>- Advertisement of time-schedule on website, local newspapers and notice boards</li> <li>- Acknowledgement of inputs received.</li> </ul>
<b>9 January 2020</b>	Departments to confirm Capital Budget Projects based on latest IDP ward analysis and need collation – adjustments to Capital Budget to be made where applicable.
<b>30 January 2020</b>	Tabling of Annual Report (inclusive of Final AFS and AG report) and MPAC Report for the 2018/2019 financial year to Council: <ul style="list-style-type: none"> <li>- Tabling of Annual report to Council</li> <li>- Annual report made public</li> <li>- Oversight report made public.</li> </ul>
<b>30 January 2020</b>	Council to approve 2019/2020 mid-year review.

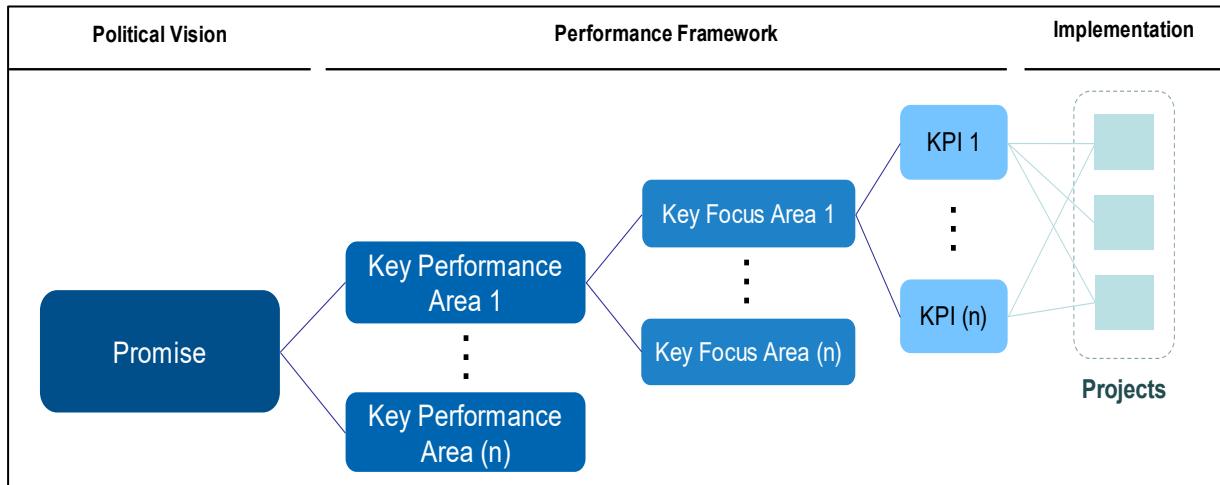
<b>30 January 2020</b>	Council to approve main adjustments budget for the 2019/2020 financial year.
<b>January 2020</b>	Corporate Services to confirm all tariff submissions and by-laws for legal compliance.
<b>January 2020</b>	Budget Steering Committee to consider final balanced budget and budget related policies, IDP and SDBIP (final consideration, weekly meetings).
<b>March 2020</b>	Formal tabling of Draft IDP, Budget and SDBIP to Council in terms of the MFMA and the Municipal Systems Act.
<b>April 2020</b>	Advertise and publish final draft of IDP and Budget for public comment and submit to National and Provincial Treasury and others as prescribed by the MFMA and Municipal Systems Act. Submission of IDP to MEC for Comments. Submission of Budget to NT for Comments (Including upload files in printed and electronic format). Submission of draft IDP / Budget to organs of state.
<b>April 2020</b>	Engagements with National and Provincial Treasury regarding the tabled IDP, Budget and SDBIP.
<b>April 2020</b>	Workshop with all councilors regarding the IDP and Budget.
<b>April 2020 (Detailed dates to be determined by the Office of the Speaker)</b>	IDP and Budget Hearings in terms of section 74 of the Municipal Systems Act and section 23 of the MFMA: <ul style="list-style-type: none"><li>- Conduct IDP/Corporate Scorecard / Budget Public Hearings to obtain public comment and inputs from communities, provincial government and other relevant stakeholders (performed through ward councilors)</li><li>- Comments to be provided in writing</li><li>- Acknowledgement of comments received</li><li>- Response to public comment i.r.o. Budget, tariffs and policies (to Budget Steering Committee).</li></ul>
<b>May 2020</b>	Budget Steering Committee to consider final IDP, Budget and SDBIP.
<b>May 2020</b>	Section 80 Committee to recommend final IDP, Budget and SDBIP.
<b>May 2020</b>	Mayoral Committee to recommend final IDP, Budget and SDBIP.
<b>May 2020</b>	Council to approve final IDP and Budget. SDBIP to be noted by Council. Council must give final approval of the IDP/Corporate Scorecard and Budget document by resolution, setting taxes and tariffs, approving changes to the IDP and budget related policies, approve measurable performance objectives for revenue by source and expenditure by vote before the start of the financial year as required by sections 23 and 24 of the MFMA and section 25 of the MSA.
<b>June 2020</b>	Making public of approved IDP / Budget as per the MFMA and MSA requirements. Tariff and By-law Promulgation.

	Submission of approved IDP to MEC for Local Government and Housing. Submission of approved IDP and Budget to NT (Including upload files in printed and electronic format).
<b>June 2020</b>	Submission of Draft SDBIP to Executive Mayor: - Executive Mayor to receive Draft Municipal SDBIP within 14 days after approval of the budget.
<b>June 2020</b>	Approval of SDBIP by Executive Mayor: - Executive Mayor to approve Municipal SDBIP within 28 days after approval of the budget - Place all Directorate Executive Summaries and SDBIPs and Department Business Plans and SDBIPs on website.
<b>June 2020</b>	Section 57 (MSA) Performance Agreements: - Submit performance agreements to the Executive Mayor within 10 days after approval of the IDP and Budget. - Council to note New Section 57 Scorecards. - Performance agreements of Municipal Manager and senior managers to be made public no later than 14 days after the approval of the SDBIP.

## 1.7 MLM Performance Framework

In order to support the national, provincial and district policies, plans and objectives (as set out in 1.3 above) as well as deliver on the political vision for Midvaal (as set out in 1.4 above) MLM has developed a performance framework which is aligned to and supports the objectives of both.

The MLM Performance Framework (as depicted in Figure 1) is composed of Key Performance Areas (KPAs) which are the areas of focus required for the Municipality to achieve its strategic objectives and are aligned with the Promises made as part of the political vision. MLM has developed eight KPAs, the definitions of which are presented in Table 2, below. The eight KPAs have been closely aligned to governmental and political objectives with the detailed association provided in Table 3. Further granularities with respect to the alignment to political objectives are provided in Figure 2 below.



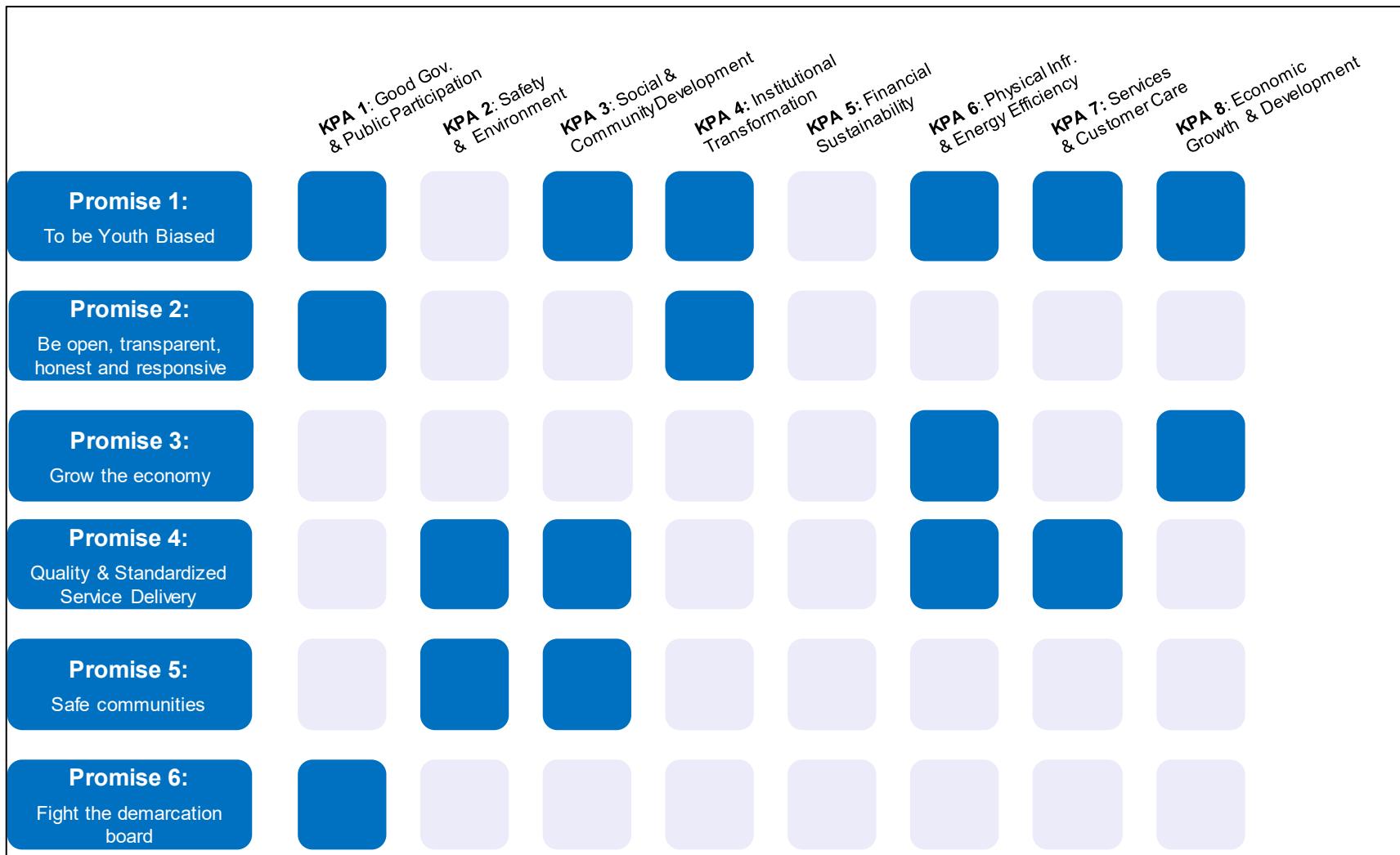
**Figure 1: MLM performance framework**

The KPAs have been further broken down into focus areas for implementation referred to as Key Focus Areas (KFAs), see Figure 3, the focus areas segment the KPA into its constituent opportunities and are supported by Key Performance Indicators (KPIs), which are turn achieved through project implementation.

The cascading of performance from KPA through to KPI, ensures that all project contribute in some way to the achievement of a MLM strategic objective and in turn District, Provincial and National objectives.

**Table 2: Definitions of KPAs**

KPA	Definition
KPA 1: Good Governance & Public Participation	To promote increased participation and improved communication with all key internal and external stakeholders
KPA 2: Safety & Environment	To create a sustainable environment safe from harm
KPA 3: Social & Community Development	To create an environment focussed on uplifting the youth, the poor and the most vulnerable
KPA 4: Institutional Transformation	To transform and align the people, processes and systems of the municipality to achieve its objectives
KPA 5: Financial Sustainability	To improve the financial sustainability and capacity of the municipality, whilst adhering to statutory requirements
KPA 6: Physical Infrastructure & Energy Efficiency	To ensure efficient infrastructure and energy supply that will improve the quality of life of the community
KPA 7: Services & Customer Care	To deliver inclusive and excellent services to the community
KPA 8: Economic Growth & Development	To facilitate sustainable economic empowerment for all communities within Midvaal and through the development of partnerships and innovation



**Figure 2: Alignment between KPIs and Six Promises**



**Figure 3: KPA and KFA Framework**

**Table 3: KPAs aligned to governmental and political objectives**

National KPAs	Gauteng Ten Pillars	Sedibeng KPAs	Midvaal Political Vision	MLM Performance Framework
<b>NKPA 5:</b>  <b>Good Governance &amp; Public Participation</b>	<b>GC Pillar 4:</b>  Transformation of the state and governance	<b>KPA 6 (G1):</b>  Vibrant Democracy	<b>Promise 2:</b>  Be an open, transparent, honest and responsive government	<b>KPA 1:</b>  <b>Governance and Stakeholder Participation</b>
<b>NKPA 2:</b>  <b>Basic Service Delivery</b> <i>All people in SA are and feel safe</i>		<b>KPA 6 (G1):</b>  Vibrant Democracy	<b>Promise 5:</b>  Safe communities and environment	<b>KPA 2:</b>  <b>Safety &amp; Environment</b>
<b>NKPA 3:</b>  <b>Local Economic Development</b> <b>Sustainable Human Settlements and improved quality of HH Life</b>	<b>GC Pillar 3</b>  Accelerated social transformation	<b>KPA 2 (R2):</b>  Renewing our communities	<b>Promise 5:</b>  Quality and standardised service delivery	<b>KPA 3:</b>  <b>Social and Community Development</b>

National KPAs	Gauteng Ten Pillars	Sedibeng KPAs	Midvaal Political Vision	MLM Performance Framework
NKPA 1:  <b>Municipal Transformation &amp; Development</b>  <i>A responsive, accountable effective and efficient local government</i>	GC Pillar 4:  Transformation of the state and governance	KPA 5 (R5):  Releasing Human Potential	Promise 2:  Be an open, transparent, honest and responsive government	KPA 4:  <b>Institutional Transformation</b>
NKPA 4:  <b>Municipal Financial Viability &amp; Management</b>  <i>A responsive, accountable, effective and efficient local government</i>	GC Pillar 1:  Radical economic transformation	KPA 6 (G1):  Good and financial sustainable governance	Promise 2:  Be an open, transparent, honest and responsive government	KPA 5:  <b>Financial Sustainability</b>

National KPAs	Gauteng Ten Pillars	Sedibeng KPAs	Midvaal Political Vision	MLM Performance Framework
<b>NKPA 2:</b>  <b>Basic Service Delivery</b> <b><i>Sustainable human settlements and improved quality of HH life</i></b>	<b>GC Pillar 8:</b>  Modernisation of public transport infrastructure	<b>KPA 2 (R2):</b>  Vibrant Democracy	<b>Promise 5:</b>  Quality and standardised service delivery	<b>KPA 6:</b>  <b>Physical Infrastructure and Energy Efficiency</b>
<b>NKPA 2:</b>  <b>Basic Service Delivery</b> <b><i>Sustainable human settlements and improved quality of HH life</i></b>	<b>GC Pillar 7:</b>  Modernisation of human settlements and urban development	<b>KPA 3 (R3):</b>  Reviving a sustainable environment	<b>Promise 5:</b>  Quality and standardised service delivery	<b>KPA 7:</b>  <b>Services and Customer Care</b>
<b>NKPA 3:</b>  <b>Local Economic Development</b>  <b><i>Sustainable human settlements and improved quality of HH life</i></b>	<b>GC Pillar 6:</b>  Modernisation of the economy	<b>KPA 1 (R1) &amp; KPA 4</b>  Reinventing the economy and region	<b>Promise 6:</b>  <b>Grow the economy</b>	<b>KPA 8:</b>  <b>Economic Growth and Development</b>

## 2. Situational Analysis

### 2.1 Introduction

This chapter in accordance with the requirements of the Municipal Systems Act provides a situational analysis of the existing conditions and trends in the Midvaal Local Municipality.

### 2.2 Analysis of Past Performance Analysis

A performance analysis was conducted across the eight KPAs in order to inform the current performance and status quo of MLM.

**NOTE:** The Performance Framework presented in this structure represents a historical KPA-KFA framework. The KPA-KFA Framework highlighted in Chapter 1 is representative of the newly developed Framework for the upcoming administrative period. The number of KPAs is consistent between the frameworks however the KFA list has changed from 33 to 26.

The performance analysis is presented as a rating system with three evaluation criteria, as follows:

1.		Good performance / implementation / standard
2.		Average performance / standard OR policy in place with average implementation
3.		Poor performance / standard OR no performance / function

The key benefit of this performance review framework is the ability to rapidly monitor the current areas of strengths and weaknesses of the Municipality. Moreover, it provides the ability to evaluate trends, allows decisions to be made on areas which require immediate attention. Below is the current performance of the Municipality.

## KPA 1: GOVERNANCE AND STAKEHOLDER PARTICIPATION

### KFA 1: GOVERNANCE AND STRUCTURES

#### Governance and Structures

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Council has been duly elected and is fully functional			
2. Executive Mayor and Mayoral Committee			
3. Sect 80-Committees			
4. Sect 79-Ethics Committee			
5. Sect 79-Municipal Public Accounts Committee (MPAC)			
6. Sect 79-Naming Committee			
7. Sect 79-Petitions Committee			

8. Sect 79-Gender Committee	😊	😊	😊
9. Performance & Audit Committee	😊	😊	😊
10. IDP Representative Forum	😊	😊	😊
11. Office of the Speaker	😊	😊	😐
12. Ward Committees in all 15 wards	😊	😊	😊
13. Office of the Chief Whip	😊	😊	😊
14. Municipal Code (By-laws)	😊	😊	😊
15. Town Planning Tribunal	😊	😊	😊
16. Budget Steering Committee	😊	😊	😊
17. Ethics & Risk Management Committee	😊	😊	😊

## Risk Management

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Anti-Fraud and Corruption Management	😊	😊	😊
2. Risk Matrix	😊	😊	😊
3. Risk Management Policy	😊	😊	😊
4. Risk Register (Strategic & Operational)	😊	😊	😊
5. Risk Committee	😊	😊	😊
6. Risk Management Committee	😊	😊	😊
7. Incident Register	😊	😊	😊
8. Disaster Management Plan / Risk Management Plan / Business Continuity Plan	😐	😐	😐

## KFA 2: STAKEHOLDER PARTICIPATION

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Petitions Policy	😊	😊	😊
2. Petitions Committee	😊	😊	😊
3. Resources and Procedures	😊	😊	😊
4. Functional ward committees in all 15 wards	😊	😊	😊
5. Participation in IDP and Budget process	😐	😐	😐
6. Annual People's Assembly/ SOMA	😊	😊	😊

### KFA 3: INTER-GOVERNMENTAL RELATIONS (IGR)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Premier's Co-ordinating Forum (PCF)	😊	😊	😊
2. Technical PCF	😊	😊	😊
3. MEC/MMC Fora	😊	😊	😊
4. SALGA	😊	😊	😊
5. District Fora	😊	😊	😊

### KFA 4: COMMUNICATIONS (INTERNAL AND EXTERNAL)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Communications Policy	😊	😊	😊
2. Communications Plan	😊	😊	😊
3. Marketing Plan	😊	😊	😊
4. Communications and Marketing Unit	😊	😊	😊
5. Budget and Resources (PR & Marketing)	😊	😊	😊
6. Internal Newsletter	😊	😊	😊
7. External Newsletter	😊	😊	😊
8. Complaints Management System	😊	😊	😊
9. Media Releases	😊	😊	😊
10. Stakeholder Engagement	😊	😊	😊
11. Branding	😊	😊	😊
12. Corporate Identity Manual	😊	😊	😊
13. Advertising and Marketing	😊	😊	😊
14. Events	😊	😊	😊
15. Telephone Systems	😊	😊	😊 <sup>4</sup>
16. Regular internal management meetings	😊	😊	😊
17. Departmental Meetings	😊	😊	😊
18. Regular Mayoral Strategic Sessions	😊	😊	😊
19. Functional Website and Compliance with Section 75 of the MFMA	😊	😊	😊
20. Functional Ward Committees in all 15 wards	😊	😊	😊
21. People's Assembly / SOMA	😊	😊	😊
22. E-mail System	😊	😊	😊

## KPA 2: SAFETY AND ENVIRONMENT

### KFA 5: SAFETY & SECURITY

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Traffic Administration	😊	😊	😊
2. Community Training/ Projects	😊	😊	😊
3. Community Policing Forum ( <b>Expansion of the coverage and operation of CCTV cameras &amp; enhanced communication, between all sector policing forums</b> )	😊	😊	😊

### Environmental Management

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Environmental Management Framework (EMF)	😊	😊	😊

### Disaster Management

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Disaster Management Plan	😊	😊	😊
2. Disaster Management Centre	😢	😢	😢

### KFA 6: EMERGENCY SERVICES

Fire Fighting Services			
EXISTING FACILITIES	RATING		
	18/19	19/20	20/21
1. Meyerton Fire Station SANS 090-Standard	😊	😊	😊
2. Vaal Marina Fire Station SANS 090-Standard	😊	😊	😊
3. Fire Prevention	😊	😊	😊
4. Community Training /Projects	😊	😊	😊

## Law Enforcement

EXISTING ACTIVITIES	RATING		
	18/19	19/20	20/21
1. Informal Trading By-Law Enforcement	😊	😊	😊
2. Poster Management	😊	😊	😊
3. CCTV Project	😊	😊	😊
4. Crime Prevention	😊	😊	😊
5. Fire By-law Enforcement	😊	😊	😊
6. Traffic Law Enforcement	😊	😊	😊
7. Speed Law Enforcement	😊	😊	😊
8. Building and Land Use Enforcement	😊	😊	😊
9. Outdoor Advertising Enforcement	😊	😊	😊

## KPA 3: SOCIAL AND COMMUNITY DEVELOPMENT

### KFA 7: SPORT AND RECREATION PROGRAMMES AND FACILITIES, INCLUDING PARKS AND OPEN SPACES

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Sicelo community facility, Sport Hall with ablutions and kitchen & Basketball & Netball court, Soccer field with ablutions office rooms and kitchen. Caretaker house	😊	😊	😢
2. Bantu Bonke community facility, Hall with ablution and kitchen & Soccer field with ablutions	😊	😊	😊
3. Meyerton Swimming Pool office and ablutions & Caretaker house	😊	😊	😊
4. Meyerton Sports Club, Cricket field with ablutions, Soccer & Rugby field with ablutions, Ring Ball Courts & Clubhouse with ablutions, Bowling greens & Clubhouse	😊	😊	😊
5. Lakeside Estate Park, Lakeside Estate	😊	😊	😊
6. Ohenimuri Park, Ohenimuri	😊	😊	😊

7. Riversdale Park, Riversdale	😊	😐	😊
8. Danie Mclean Park, Rothdene	😊	😊	😊
9. Park in Pierneef Street , Meyerton Town	😊	😊	😊
10. Park at cnr Pierneef and Shippard Str, Meyerton Town	😊	😊	😊
11. Japonica Str. Park Golf Park	😊	😊	😊
12. Oval Park Henley on Klip	😊	😊	😊
13. Frasier Park Henley On Klip	😊	😊	😊
14. Henry Str. Park Risiville	😊	😊	😊
15. Annet Str. Park Risiville	😊	😊	😊
16. Cypress str. Park Noldick	🙁	🙁	🙁

## Clinics

AREA	RATING		
	18/19	19/20	20/21
1. Meyerton Clinic	😊	😊	😊
2. Randvaal Clinic	😊	😊	😊
3. Kookrus Clinic	😊	😊	😊

## Cemeteries

EXISTING ACTIVITIES	RATINGS		
	18/19	19/20	20/21
1. Meyerton	😊	😊	😊
2. Kliprivier	😐	😐	😐
3. Kookrus	😊	😊	😊
4. Sybrand van Niekerk (Inactive)	🙁	🙁	🙁
5. Riversdale	😊	😊	😊
6. Required Additional Cemeteries/Crematoria	😐	😐	😐
7. Mamello	🙁	🙁	🙁
8. Savanna City	🙁	🙁	🙁
9. Cemetery Master Plan	😊	😊	😊

**KFA 8: LIBRARIES, ARTS CULTURE & SPECIAL PROGRAMMES (GENDER, ELDERLY, YOUTH AND PEOPLE LIVING WITH DISABILITIES, INCLUDING EARLY CHILDHOOD DEVELOPMENT CENTRES (ECD CENTRES)**

LIBRARIES (AREAS)	RATING		
	18/19	19/20	20/21
1. Meyerton	😊	😊	😊
2. Henley-on-Klip	😊	😊	😊
3. Randvaal	😊	😊	😊
4. Sicelo	😊	😊	😊
5. De Deur	😊	😊	😊
6. Lakeside	😊	😊	😊
7. Mamello	😢	😢	😢
8. Savanna City	😢	😢	😢
9. Required Additional Libraries	😐	😐	😐

PROGRAMMES	RATING		
	18/19	19/20	20/21
1. Gender programmes	😊	😊	😊
2. Elderly programmes	😊	😊	😊
3. Youth programmes	😊	😊	😊
4. Disabled programmes	😊	😊	😊
5. Kgatelopele "Progress (English)" Youth Development Programme	😊	😐	😢

There are 72 Early Childhood Development (ECD) facilities in Midvaal

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. ECD Facilities (8) [Formal -COA]	😊	😊	😊
2. ECD Facilities (64) [Informal]	😐	😊	😊

## KPA 4: INSTITUTIONAL TRANSFORMATION

### KFA 9: HUMAN CAPITAL & SKILLS DEVELOPMENT

#### Organisational Structure

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Functional Organisational Structure (Organogram)	😊	😊	😊
2. Number of Vacancies	😐	😊	😐
3. Staff Turn-over	😐	😊	😊
4. Employment Equity	😐	😐	😐
5. Vetting	😊	😊	😊

#### Human Capital and Skills Development

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Submission of Workplace Skills Plan (WSP) and Annual Training Report (ATR) to Department of Labour	😊	😊	😊
2. Succession Plan	😐	😐	😐
3. Study Assistance Scheme	😊	😊	😊
4. Implementation of Annual Training Plan (ATP)	😊	😊	😊
5. Staff Morale	😐	😐	😢

## KFA 10: PERFORMANCE MANAGEMENT

### Performance Management / System

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Performance Management Policy	😊	😊	😊
2. Performance Management System	😊	😊	😊
3. Cascading of Performance Management System	😊	😊	😊

## Monitor and Evaluation

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Regular review of institution	😊	😊	😊
2. Regular review of service providers and contractors	😊	😊	😊

## Project Management Unit

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Project Management Unit (PMU)	😊	😊	😊

## KFA 11: SYSTEMS AND TECHNOLOGY

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Strategic Capability	😊	😊	😊
2. Resources (Budget, Staff & Equipment)	😐	😐	😐
3. Master Systems Plan (MSP)	😊	😊	😊
4. ICT Helpdesk and Technical Support	😊	😊	😊
5. Financial Management System	😊	😊	😊
6. Human Resources Management Plan	😊	😊	😊
7. Consumer Account Management (Printing & Distribution)	😊	😊	😊
8. Bulk SMS and Central Database	😐	😐	😐

## KFA 12: POLICIES, PROCESSES AND PROCEDURES

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Processes and procedures are in place to address and implement Council policies	😊	😊	😊
2. Processes and procedures are reviewed or developed departmentally as and when required on the basis of changed circumstances	😊	😊	😊
3. Policy Register	😊	😊	😊
4. Regular review of policies & by-laws	😊	😊	😊
5. System of Delegations	😊	😊	😊

## KPA 5: FINANCIAL SUSTAINABILITY

### KFA 13: FINANCIAL MANAGEMENT

#### Financial Management (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Capital Expenditure	😊	😊	
2. Operating Expenditure	😊	😊	
3. Cost Containment	😊	😊	

#### Financial Reporting (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Section 71-monthly reporting	😊	😊	
2. Section 52-quarterly reporting	😊	😊	
3. Mid-year Performance Reporting	😊	😊	
4. Annual Report	😊	😊	
5. Annual Financial Statements	😊	😊	

#### Budgeting (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Budget Policy	😊	😊	
2. Budget Steering Committee	😊	😊	
3. Operational Budget	😊	😊	
4. Capital Budget	😊	😊	

#### Funding (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Own Funding	😐	😐	
2. Grant Funding	😐	😐	
3. External Loans	😐	😊	

#### KFA 14: REVENUE MANAGEMENT (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Outstanding Debt	😊	😊	
2. Registered Indigents	😊	😊	
3. Revenue Collection	😊	😊	

#### KFA 15: SUPPLY CHAIN MANAGEMENT (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Supply Chain Management	😊	😊	

#### KFA 16: ASSET MANAGEMENT

##### Asset Management (to be updated in final document)

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Movable Assets	😊	😊	
2. Infrastructure Assets	😊	😊	

#### Equipment and Fleet Management

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Total of the Midvaal LM Fleet: 223 vehicles, excluding trailers and equipment			
2. Average age of the Council's vehicles: 8 years			
3. Condition of fleet			
1.     77.57%	😊	😊	😊
2.     14.34%	😊	😊	😊
3.     8.070%	😊	😊	😊
DESCRIPTION	RATING		
	18/19	19/20	20/21
Equipment			
1. Slashers	😊	😊	😊

2. Bush-cutters			
3. Kudu's			
4. Chainsaw			
5. Pole Pruners			
6. Water Carts			
<b>Fire-arms</b>			
1. Fire-arms (Traffic)			
<b>IT Equipment</b>			
1. Computers			
2. Laptops			
3. Printers			
4. Switches			
5. Software	-	-	

## KPA 6: PHYSICAL INFRASTRUCTURE AND ENERGY EFFICIENCY

### KFA 17: ELECTRICITY & ENERGY EFFICIENCY

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Energy Efficiency			

The Midvaal supply area as approved by NERSA consists of the following major areas:

- Blue Rose City Development;
- Vaal Marina area;
- Farm Doornkuil;
- R59-corridor;
- Meyerton;
- Kookrus;
- Riversdale;
- Golf Park;
- Risiville;
- McKay Estates; and
- Risiville Small Farms (Waldrift).

SUB-STATION	CAPACITY		CONDITION	
	19/20	20/21	19/20	20/21
1. M1-main Sub-station (60 MVA-capacity)				
2. Eye of Africa (Main Sub-station 80 MVA)				
3. The Grace Sub-station				
4. Risiville Eskom 4 Emfuleni Sub-station (5 000 kVA)				

5. Sybrand Van Niekerk Switching Sub-station (10000kVA)	😊	😊	😊	😊
6. Riversdale R1 Switching Station	😊	😊	😊	😊
7. Riversdale RI 3 Switching Station	😊	😊	😊	😊
8. Switching Sub-stations in Kookrus	😢	😢	😢	😢
9. Switching Station Vaal Marina	😊	😊	😊	😊
10. Switching Stations Golf Park	😊	😊	😊	😊
11. Switching Stations Sicelo and Meyerton farms	😢	😢	😊	😊
12. Switching Sub-stations Meyerton area	😊	😊	😊	😊
13. Switching Sub-stations Risiville area	😊	😊	😊	😊
14. Minor Sub-stations	😊	😊	😊	😊

NETWORK	CAPACITY		CONDITION	
	19/20	20/21	19/2	20/21
1. Midvaal HV 88kV	😊	😊	😊	😊
2. Riversdale MV	😊	😊	😊	😊
3. Meyerton MV	😊	😊	😊	😊
4. Golf Park MV	😊	😊	😊	😊
5. Kookrus , Rothdene MV	😊	😊	😢	😢
6. Meyerton Farms MV	😊	😊	😊	😊
7. Sicelo MV	😢	😢	😢	😢
8. Valley Settlements MV	😊	😊	😢	😢
9. Risiville MV	😊	😊	😢	😢
10. McKay Estates MV	😊	😊	😊	😊
11. Vaal Marina MV	😊	😊	😢	😢
12. Glen Donald MV	😢	😢	😢	😢
13. Risiville Small Farms MV	😊	😊	😢	😢
14. Chrissiesfontein MV	😊	😊	😢	😢
15. Vaal Marina LV	😢	😢	😢	😢
16. Riversdale LV	😊	😊	😊	😊
17. Meyerton LV	😊	😊	😊	😊
18. Golf Park LV	😊	😊	😊	😊
19. Kookrus, Rothdene LV	😢	😢	😢	😢
20. Meyerton Farms LV	😊	😊	😊	😊
21. Sicelo LV	😢	😢	😢	😢
22. Valley Settlements LV	😊	😊	😢	😢

23. Risiville LV	😊	😊	😊	😊
24. McKay Estates LV	😊	😊	😊	😊

## KFA 18: ROADS AND STORM-WATER INFRASTRUCTURE

### Roads

DESCRIPTION	CONDITION	RATING		
		18/19	19/20	20/21
National Roads	None			
Provincial Roads	General in poor condition and require upgrading. Freight transport and lack of maintenance contribute to deterioration of infrastructure.	😢	😊	😊

MUNICIPAL ROADS	RATING		
	18/19	19/20	20/21
1. Paved 660 km	😊	😊	😊
2. Unpaved 1140.08 km	😊	😊	😊

### Storm-water

DESCRIPTION	RATING		
	18/19	19/20	20/21
Limited storm-water infrastructure exists. Storm-water is mainly drained in surface drains and channels which are cleaned on an annual basis.	😊	😊	😊

## KFA 19: WATER AND SANITATION INFRASTRUCTURE

### Water Service Infrastructure

NETWORK	CAPACITY		CONDITION	
	19/20	20/21	19/20	20/21
The bulk network (asbestos cement pipes) total length of 657km	😊	😊	😊	😢

RESERVOIRS	CAPACITY		CONDITION	
	19/20	20/21	19/20	20/21
1. Blue Saddles High Level	😊	😊	😊	😊
2. Drumblade	😊	😊	😊	😊
3. Eye of Africa	😊	😊	😊	😊
4. Kliprivier Reservoir (Heineken)	😊	😊	😊	😊
5. Meyerton Reservoir (X2)	😊	😢	😊	😢
6. Randvaal Reservoir (Valley Settlements)	😊	😊	😊	😊
7. Vaal Marina Reservoir (X2)	😊	😊	😊	😊

### Sanitation Infrastructure

NETWORK	CAPACITY		CONDITION	
	19/20	20/21	19/20	20/21
The network consists of 375 km pipe in a fair condition	😐	😐	😐	😐

### Sewer Pump Stations

SEWER PUMP STATIONS	CAPACITY		CONDITION	
	19/20	20/21	19/20	20/21
1. Pilkington	😢	😢	😢	😢
2. KliprivierNo5	😊	😊	😢	😢
3. KliprivierNo6	😢	😢	😢	😊
4. Leeuw Street	😐	😐	😐	😐
5. Adelaar Street	😊	😊	😢	😊
6. Varty Street	😐	😐	😐	😐
7. Brockett Street	😐	😐	😊	😊
8. Gordon Street	😐	😐	😊	😊
9. Bekker Street	😐	😢	😢	😢
10. Rothdene	😐	😊	😊	😊
11. Van Riebeeck Street	😊	😊	😊	😊
12. Meyerton Sports Club	😢	😢	😢	😢
13. Ribbok Street	😐	😐	😐	😢
14. Keurboom Street	😐	😐	😢	😊
15. Ewelme Street	😊	😊	😢	😢

16. Church Street	😊	😊	😊	😊
17. Assemblies of God Street	😊	😊	😊	😊
18. Regatta Street	😊	😊	😊	😊
19. Heineken Pump Station	😊	😊	😊	😢
20. Roshnee/Rus-ter-vaal	😢	😢	😢	😢
21. Anchovy Street	😊	😊	😊	😊
22. Cormorant Bay	😊	😊	😊	😊
23. Harbour Town	😊	😊	😊	😊
24. Marina Letata	😊	😊	😊	😊
25. Perlemoen Pump Station	😊	😊	😊	😊
26. Port O'Call Pump Station	😊	😊	😊	😊
27. Sunset Cove Pump Station	😊	😊	😊	😊
28. Misty Bay Pump Station	😊	😊	😊	😊
29. Banana Bay Pump Station	😊	😊	😊	😊
30. Sewer Plant Pump Station	😊	😢	😊	😢

### Treatment Works

WASTE-WATER TREATMENT WORKS	CAPACITY		CONDITION	
	19/20	20/21	19/20	20/21
1. Ohenimuri Treatment Plant	😊	😊	😊	😊
2. Vaal Marina Treatment Plant	😊	😢	😊	😊
3. Meyerton Treatment Plant	😢	😢	😢	😢

### Water Services Development Plan

WATER SERVICES DEVELOPMENT PLAN	RATING		
	18/19	19/20	20/21
1. Water Services Development Plan	😊	😊	😊

### KFA 20: LANDFILL SITES AND TRANSFER STATIONS

LANDFILL SITES & TRANSFER STATIONS	RATING		
	18/19	19/20	20/21
1. Walkerville Landfill Site	😢	😢	😢

2. Henley-on-Klip Landfill Site	😊	😊	😊
3. Vaal Marina Landfill Site	😊	😊	😊
4. Galloway Transfer Station	😊	😊	😊
5. Kliprivier Transfer Station	😊	😊	😊
6. Blackwood Transfer Station	😊	😊	😊

## KFA 21: MUNICIPAL AND PUBLIC FACILITIES

DESCRIPTION OF FACILITIES	RATING		
	18/19	19/20	20/21
1. Civic Centre (Administrative Buildings)	😊	😊	😊
2. Vaal Marina Municipal Buildings	😊	😊	😊
3. Randvaal Engineering Offices	😐	😐	😐
4. De Deur Administrative Offices	😊	😐	😐
5. Depot & Stand-by Quarters (Galloway Street – Eng & Comm Services)	😐	😐	😐
6. Meyerton Fire Station	😊	😊	😊
7. Mechanical & Electrical Workshop (Arrie	😐	😐	😐
8. Vaal Marina Fire Station (New)	-	😊	😊

## KPA 7: SERVICES AND CUSTOMER CARE

### KFA 22: WATER AND SANITATION

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Water: Blue Drop (84,1 %)	😊	😊	😊
2. Sewer: Green Drop (53,5 %)	😊	😊	😊

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Households without formal housing	😊	😊	😊
2. Households without hygienic toilets	😐	😐	😐
3. Households without piped water at or above RDP level	😊	😊	😊

## KFA 23: ELECTRICITY

Electricity for the area is purchased in bulk by the Midvaal Local Municipality from Eskom and reticulated throughout the licensed area. Some backlogs exist in the Mamello and Sicelo areas which will only be reticulated once they are formalised. In the following areas the internal reticulation is provided directly by Eskom:

- Ironsyde Agricultural Holdings;
- Homestead Apple Orchards;
- Blue Saddle Ranches;
- Blignautsrus;
- De Deur;
- Golfview;
- Hartzenbergfontein;
- Henley-on-Klip;
- Highbury;
- Kliprivier;
- Parts of Walkerville.

ELECTRICITY BACKLOG	NUMBER		RATING	
	19/20	20/21	19/20	20/21
Households without electricity connections	3000	4 500	😊	😊
NUMBER OF HOUSEHOLDS CONNECTED (Midvaal Local Municipality Supply Area)	NUMBER		RATING	
	19/20	20/21	19/20	20/21
1. Electricity (Paid)	12287	12 444	😊	😊
2. Electricity (Free)	800	1 040	😊	😊

## KFA 24: CLEANSING AND WASTE MANAGEMENT

DESCRIPTION	RATING		
	18/19	18/19	18/19
1. Households without formal housing	😢	😢	😢
2. Households without hygienic toilets	😊	😊	😊
3. Households without piped water at or above RDP level	😊	😊	😊

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Townships	😊	😊	😊
2. Agricultural and other settlements	😊	😊	😊
3. Farms	😊	😊	😊
4. Business and Industrial	😊	😊	😊

## Customer Relations

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Complaints System	😊	😊	😊
2. Internal Toll free complaints hotline	-	-	😊

## KPA 8: ECONOMIC GROWTH AND DEVELOPMENT

### KFA 25: Local Economic Development (LED) & Capacity Building

ENTITY	POPULATION (15-64 YEARS)	LABOUR FORCE	% ACTIVE IN LABOUR MARKET	RATING		
				18/19	19/20	20/21
Midvaal LM	46 068	32 176	69.84	😐	😐	😐
Sedibeng DM	556 028	354 242	63.71	😐	😊	😊
Gauteng	6 400 482	4 554 389	71.16	😐	😊	😊

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. LED Strategy	😊	😊	😊
2. Food Security Programmes	😊	😐	😊
3. Improved IGR with other Provincial and National Sector Departments	😊	😊	😊
4. SMME Database	😐	😐	😊
5. Community Works Programme (CWP)	😊	😊	😐
6. Midvaal Economic Analysis	😊	😊	😊
7. LED Projects	😊	😐	😊
8. Agriculture	😐	😐	😊
9. Farmers Support (Access to Municipal Owned Land)	😐	😐	😐

QUALIFICATION LEVEL	GENDER	NOTES		
		2016 (%)	RATING	
			19/20	20/21
1. No schooling	Male	10.05	😐	😐
	Female	9.78	😐	😐
	Male	21.56	😐	😐

2. Grade 0 - 7	Female	21.77		
3. Grade 8 - 11	Male	26.09		
	Female	26.50		
4. Grade 12	Male	26.83		
	Female	29.69		

QUALIFICATION LEVEL	GENDER	NOTES		
		2011 (%)	RATING	
			19/20	20/21
5. NTC1 – 6	Male	3.24		
	Female	1.44		
6. Certificate/Diploma	Male	6.14		
	Female	5.65		
7. Bachelor's or Higher Degree	Male	3.41		
	Female	3.04		

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Capacity Building Programmes for Job Creation			
2. Expanded Public Works Programme (EPWP)			
3. SMME development			

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Primary Schools			
2. Secondary Schools			
3. Tertiary Institutions			

## KFA 25: SPATIAL & DEVELOPMENT PLANNING

DESCRIPTION	RATING		
	18/19	19/20	20/21
1. Comprehensive Rural Development Programme			
2. Spatial Development Framework			
3. Annual revision of SDF			
4. Regional Spatial Development Frameworks			
5. Precinct Plans			
6. Development & Planning Policies			

7.	Regular revision of precinct plans and policies			
8.	By-laws			
a.	National Building Regulations			
b.	Town Planning/Land Use			
c.	Outdoor Advertising			
d.	Flood line			
e.	SPLUMA			
9.	Law enforcement:			
a.	By-laws			
b.	National Building Regulations			
c.	Town Planning/Land Use			
d.	Outdoor Advertising			
10.	Monitoring of attorney performance on matters handed over			
11.	Land Use Management Scheme (SLUMS)			
12.	Turn-around times on Land Use Applications			
13.	Turn-around times on Building Plan Applications			
14.	Turn-around times: Complaints received in respect of NBR, TPS, OA			
15.	Up-to-date Geographic Information System			
16.	Electronic Application Tracking and Processing System (City Solve)			
17.	Electronic Building Plan Tracking and Processing System (City Solve)			
18.	Local Migration Plan			
19.	Integrated Sustainable Human Settlement Plan (HSP)			
20.	Monitoring of Land Invasions			
21.	Dolomite Risk Management Plan			
22.	CBD Revitalisation Programme			

## 2.3. Midvaal Overview & Demographics

### 2.3.1. Midvaal Overview

The Midvaal Local Municipality (GT422) is a Category B municipality as defined in the Municipal Structure Act (No 117 of 1998). It comprises of fifteen wards, and is one of three local municipalities situated within the Sedibeng District Municipality. The other two Municipalities in the district being the Emfuleni Local Municipality (GT421) and the Lesedi Local Municipality (GT423).



**Figure 4: Midvaal Municipality Location in Gauteng Province**

### 2.3.2. Spatial Demographics of Midvaal

The Midvaal local Municipality covers an area of approximately 1722 km<sup>2</sup> compared to approximately 966 km<sup>2</sup> and 1484 km<sup>2</sup> for neighbouring Emfuleni and Lesedi Municipalities, respectively.

The spatial layout of the Midvaal Local Municipal area is predominantly that of a rural area with extensive farming constituting approximately 50% of the total area of jurisdiction. Midvaal possesses the following spatial structures<sup>1</sup>.

**Table 4: Spatial properties of Midvaal**

Spatial Structures of Midvaal	
Areas	Total number
Townships	58 (30996 Stands)
Farms	85 (3415 Portions)
Agricultural Holdings and other Settlements	34 (4334 small / agricultural holdings)
Nature Reserves	1
Conservancies	10

<sup>1</sup> Source: Midvaal GIS, Jan 2016

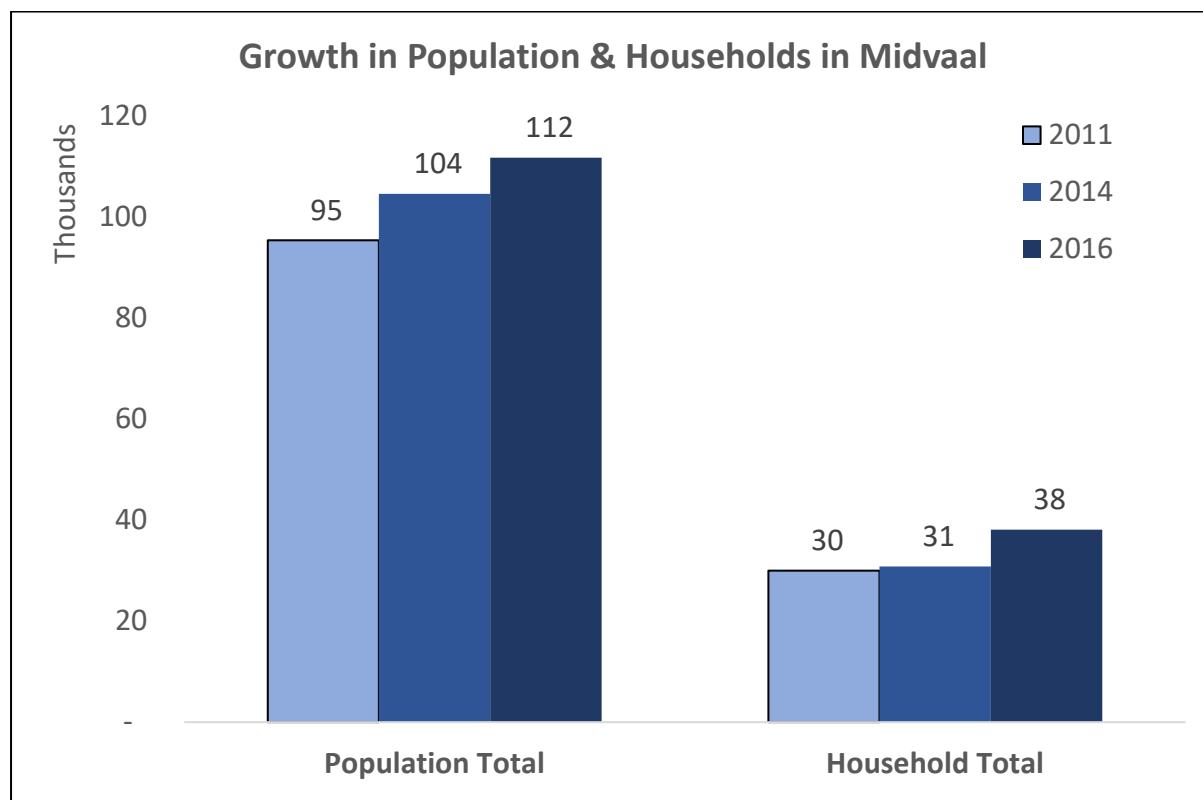
### 2.3.3 Socio-Economic Demographics of Midvaal

The socio-economic demographics section will provide the status of:

- Population & Household Profile
- Racial Profile
- Age Profile
- Gender Profile
- Educational Profile
- Household Income Profile
- Dwelling Profile
- Lifestyle Measure (LSM) Profile
- Basic Service Delivery Profile within the Midvaal area.

#### Population & Household Profile

The population growth in Midvaal has been consistent with the current population being 111 612 people, from a base of 95 301 in 2011. The number of households has also grown significantly from a base of 29 964 to 38 046 as at 2016<sup>2,3,4</sup>.



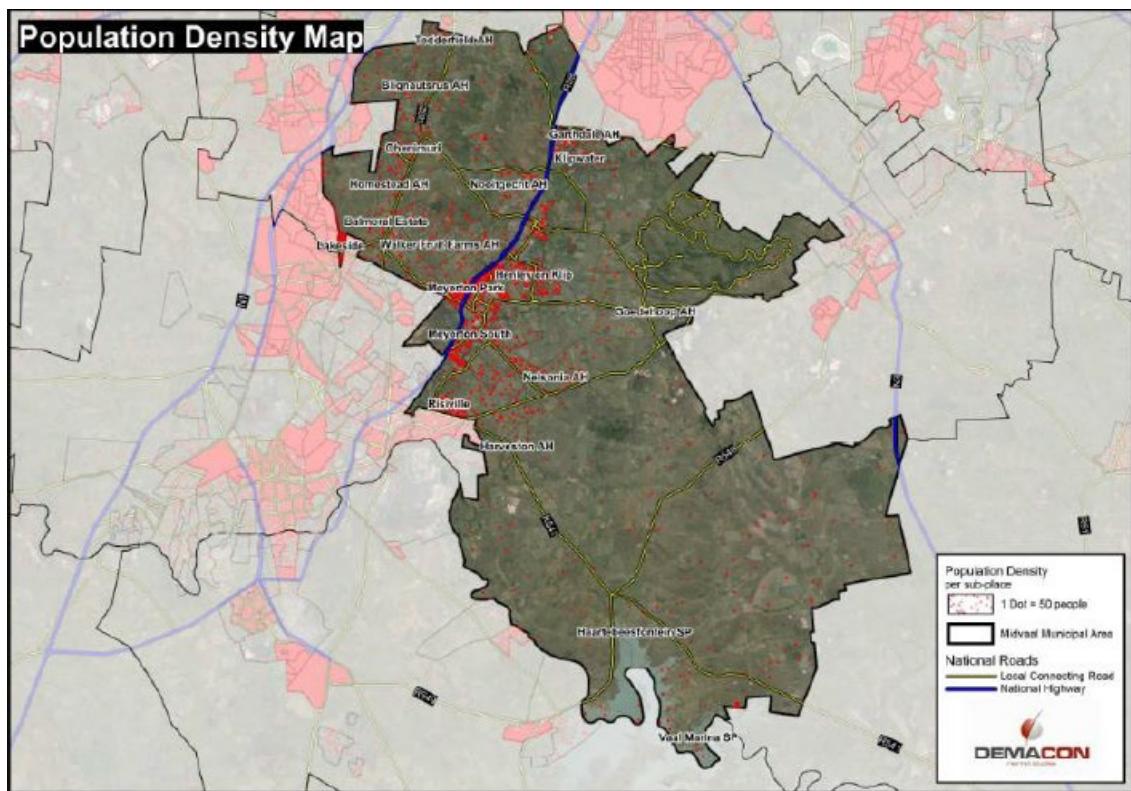
**Figure 5: Growth Population and households in Midvaal**

The population growth in Midvaal has been localised to the areas in close proximity to the R59, as illustrated in the population density map (Figure , below). The remaining portions of the municipal area have relatively low density, with concentrations increasing reaching the border with the Emfuleni municipality.

<sup>2</sup> Source: Stats SA 2011 Census

<sup>3</sup> Source: Demacon Midvaal Economic Analysis 2015

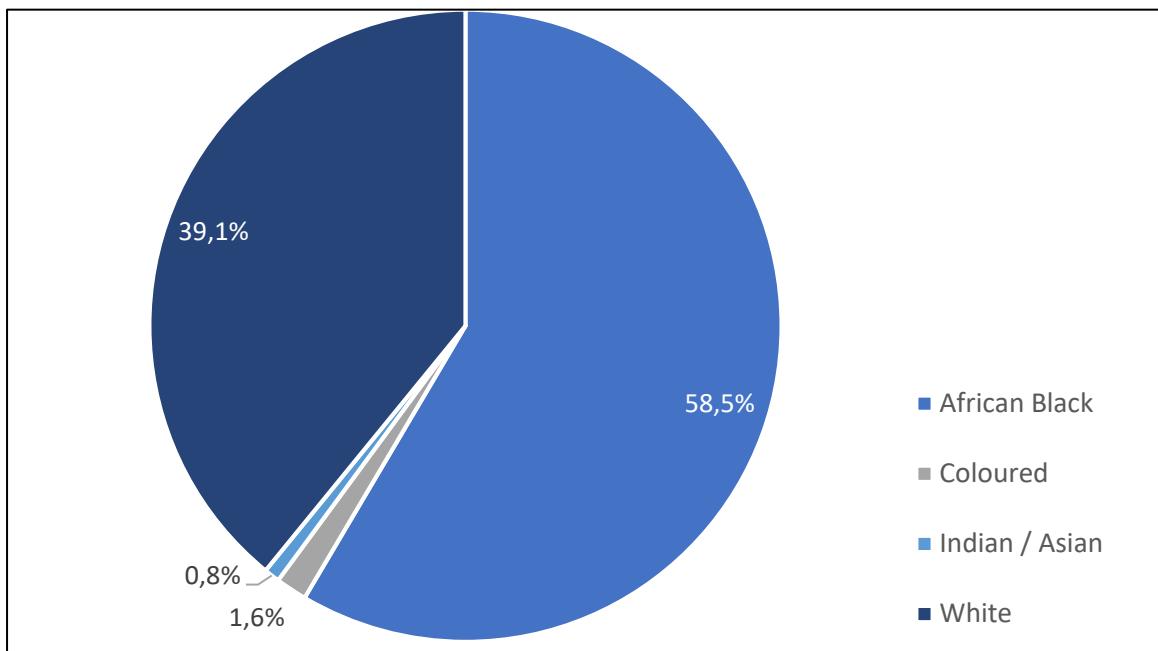
<sup>4</sup> Source: Stats SA Community Survey 2016



**Figure 6: Population Density Map of Midvaal Area**

#### Racial Profile

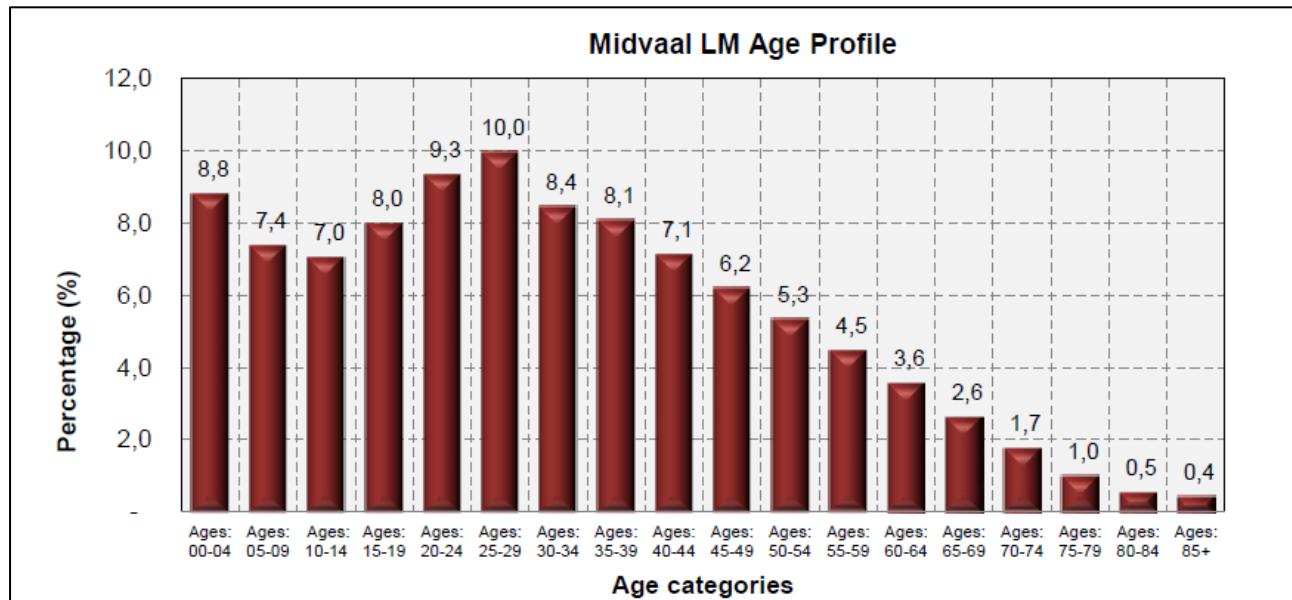
The racial profile of the Midvaal population is largely dominated by African Black and White populations together making up more than 90% of the population.



**Figure 7: Racial Profile of Midvaal Population**

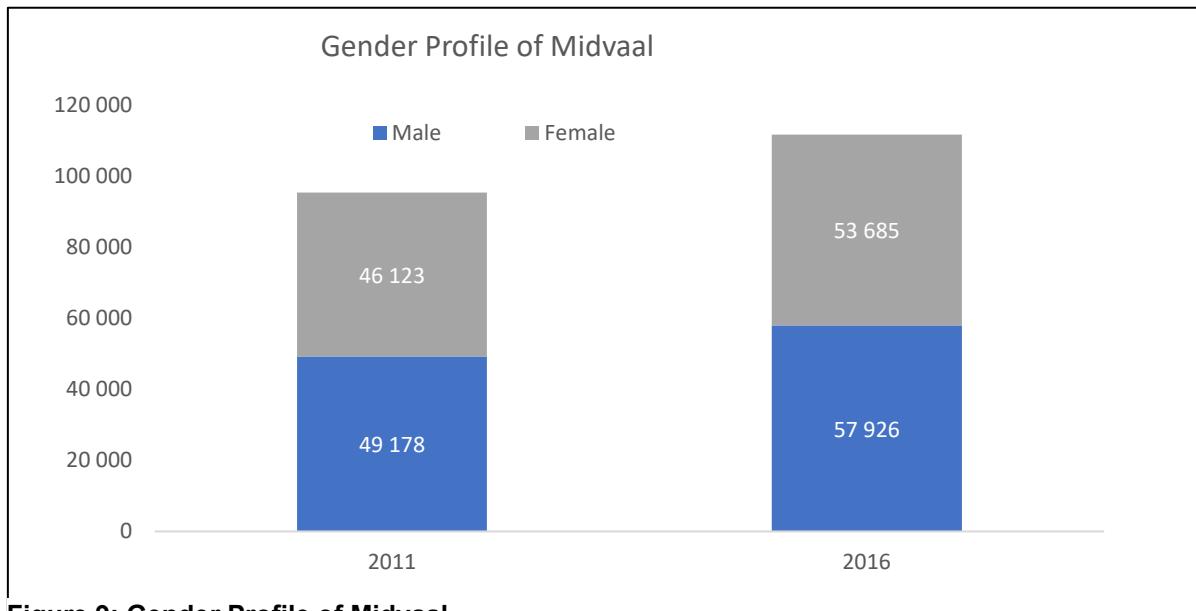
#### Age Profile

The age profile of the population (as per Figure , below) falls largely within the youth sector which compose approximately 58% of the total population. In addition, approximately 70% of the population falls within the working age group (people aged between 15-64)<sup>5</sup>.



**Figure 8: Midvaal Age Profile**

### Gender Profile



**Figure 9: Gender Profile of Midvaal**

The Gender Profile of Midvaal marginally favours males over females with the, 52% of the population being male and only 48% being female (as per 2016<sup>6</sup>).

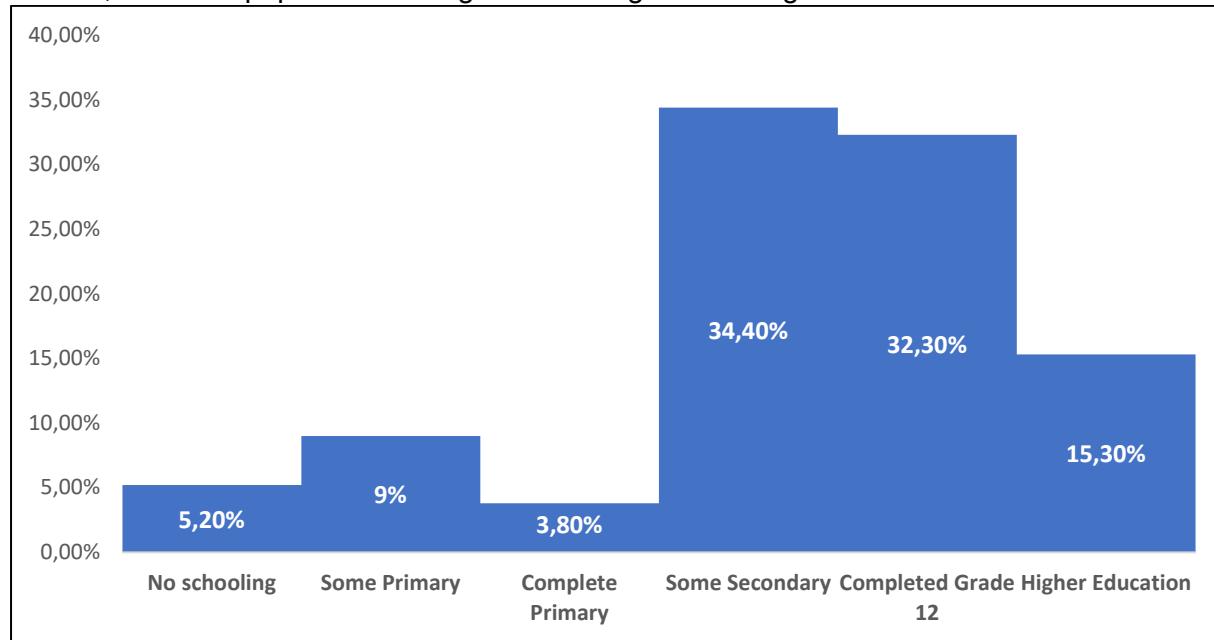
This is consistent with the profile as per 2016 with less than a 1% shift in profile since 2011.

<sup>5</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>6</sup> Source: Stats SA Community Survey 2016

## Educational Profile

The educational profile of the Midvaal area is biased largely towards those who have had some form of Secondary Education and upwards, amounting to 82% of the total population, with 15,3% of the population having attended higher learning<sup>7</sup>.



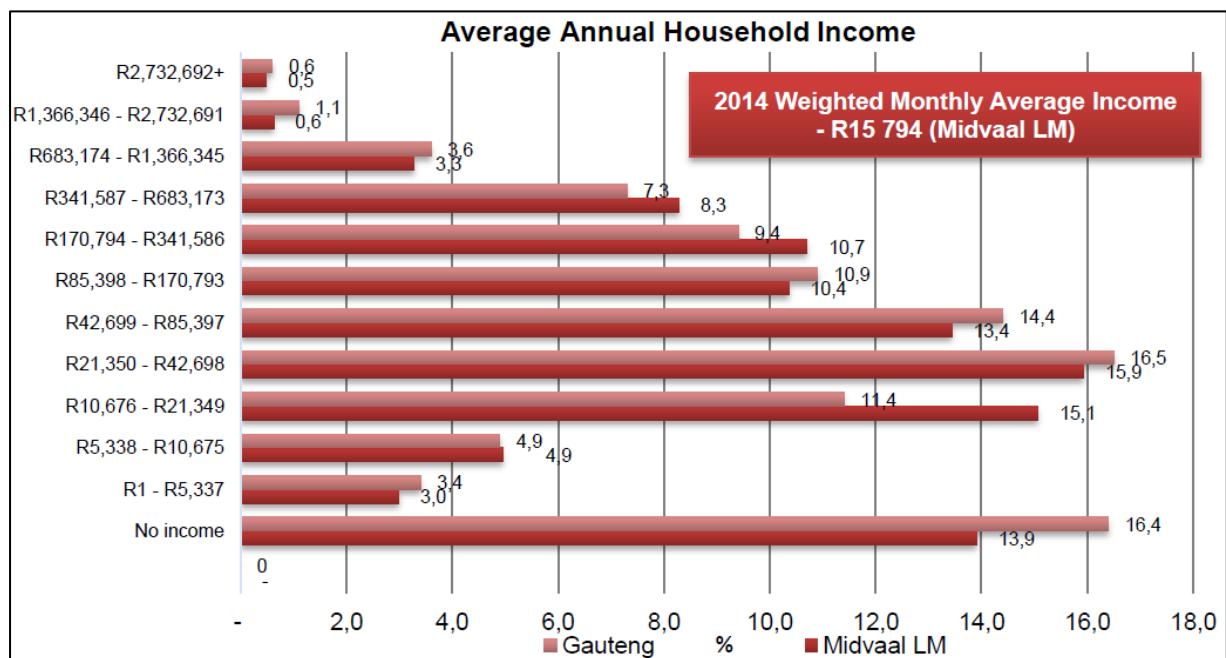
**Figure 10: Educational Profile of Midvaal**

## Household Income Profile

There is a broad distribution of incomes across the households in Midvaal with the largest portion of households earning between R 21 350- R 42 698 per annum. Significantly, 13,9% of all households earn no income<sup>8</sup>.

<sup>7</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>8</sup> Source: Demacon Midvaal Economic Analysis 2015



**Figure 11: Average Household Income in Midvaal**

To be  
Updated in  
final  
document

GT422 Midvaal - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome	
<b>Demographics</b>													
Population		Narrative report 1.1			685	95,301	95,301	112	112	115	118	122	126
Females aged 5 - 14		Source: Community Survey 2016 for 2016/17			95	6,717	6,717	9	9	9	9	10	10
Males aged 5 - 14		Source: Stats SA Census for 2001 and 2011 Census			112	7,011	7,011	9	9	9	9	10	10
Females aged 15 - 34		2018/2019 and outer years data projected by 3% growth			169	16,080	16,080	18	18	18	19	19	20
Males aged 15 - 34					204	17,970	17,970	19	19	20	20	21	22
Unemployment		As per broad definition= 13.8%		7		8,619	8,619	21	21	22	22	23	24
<b>Monthly household income (no. of households)</b>	1, 12												
No income						4,350	4,350	5,326	5,326	5,486	5,650	5,820	5,994
R1 - R1 600						6,867	6,867	8,719	8,719	8,981	9,250	9,527	9,813
R1 601 - R3 200						4,917	4,917	6,243	6,243	6,430	6,623	6,822	7,027
R3 201 - R6 400						3,720	3,720	4,723	4,723	4,865	5,011	5,161	5,316
R6 401 - R12 800						3,078	3,078	3,908	3,908	4,025	4,146	4,270	4,398
R12 801 - R25 600						3,273	3,273	4,155	4,155	4,280	4,408	4,540	4,676
R25 601 - R51 200						2,496	2,496	3,169	3,169	3,264	3,362	3,463	3,567
R52 201 - R102 400						933	933	1,184	1,184	1,220	1,256	1,294	1,333
R102 401 - R204 800						195	195	247	247	254	262	270	278
R204 801 - R409 600						135	135	171	171	176	181	187	192
R409 601 - R819 200						> R819 200							
<b>Poverty profiles (no. of households)</b>													
< R2 060 per household per month	13												
Insert description	2												
<b>Household demographics (000)</b>													
Number of people in municipal area					64,643	83,433	95,301	95	112	112	115	118	122
Number of poor people in municipal area						42,777		54	54	54	56	58	59
Number of households in municipal area					20,760		29,964	30	38	38	38	39	40
Number of poor households in municipal area						11,216		11	14	14	14	15	16
Definition of poor household (R per month)									3,500	4,000	4,500	5,000	
<b>Housing statistics</b>	3												
Formal						15,915	24,042	31,546	31,546	31,546	32,492	33,467	34,471
Informal						4,845	5,322	5,322	5,500	6,303	6,303	6,492	6,687
<b>Total number of households</b>		Mdvaal IDP 2005/2006			20,760	-	29,964	29,964	38,046	37,849	37,849	38,984	40,154
Dwellings provided by municipality	4								-	-	-	-	41,359
Dwellings provided by province/s													
Dwellings provided by private sector	5	Savanna City, Lakeside and Sicelo							387	947	975	547	563
<b>Total new housing dwellings</b>									166	116	386	396	410
									1,113	1,091	933	961	990
<b>Economic</b>	6												
Inflation/Inflation outlook (CPIX)									6.0%	6.0%	6.1%	5.2%	5.5%
Interest rate - borrowing									10.0%	10.0%	10.5%	10.0%	10.0%
Interest rate - investment									6.0%	6.0%	7.0%	7.0%	7.0%
Remuneration increases									6.0%	7.4%	7.4%	7.0%	6.0%
Consumption growth (electricity)									-1.6%	6.0%	0.0%	0.0%	0.0%
Consumption growth (water)									-13.0%	3.0%	0.0%	0.0%	0.0%
<b>Collection rates</b>	7												
Property tax/service charges									92.9%	93.8%	94.0%	95.0%	95.0%
Rental of facilities & equipment									100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments									100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors									50.0%	50.0%	50.0%	60.0%	60.0%
Revenue from agency services													

To be Updated in the final document

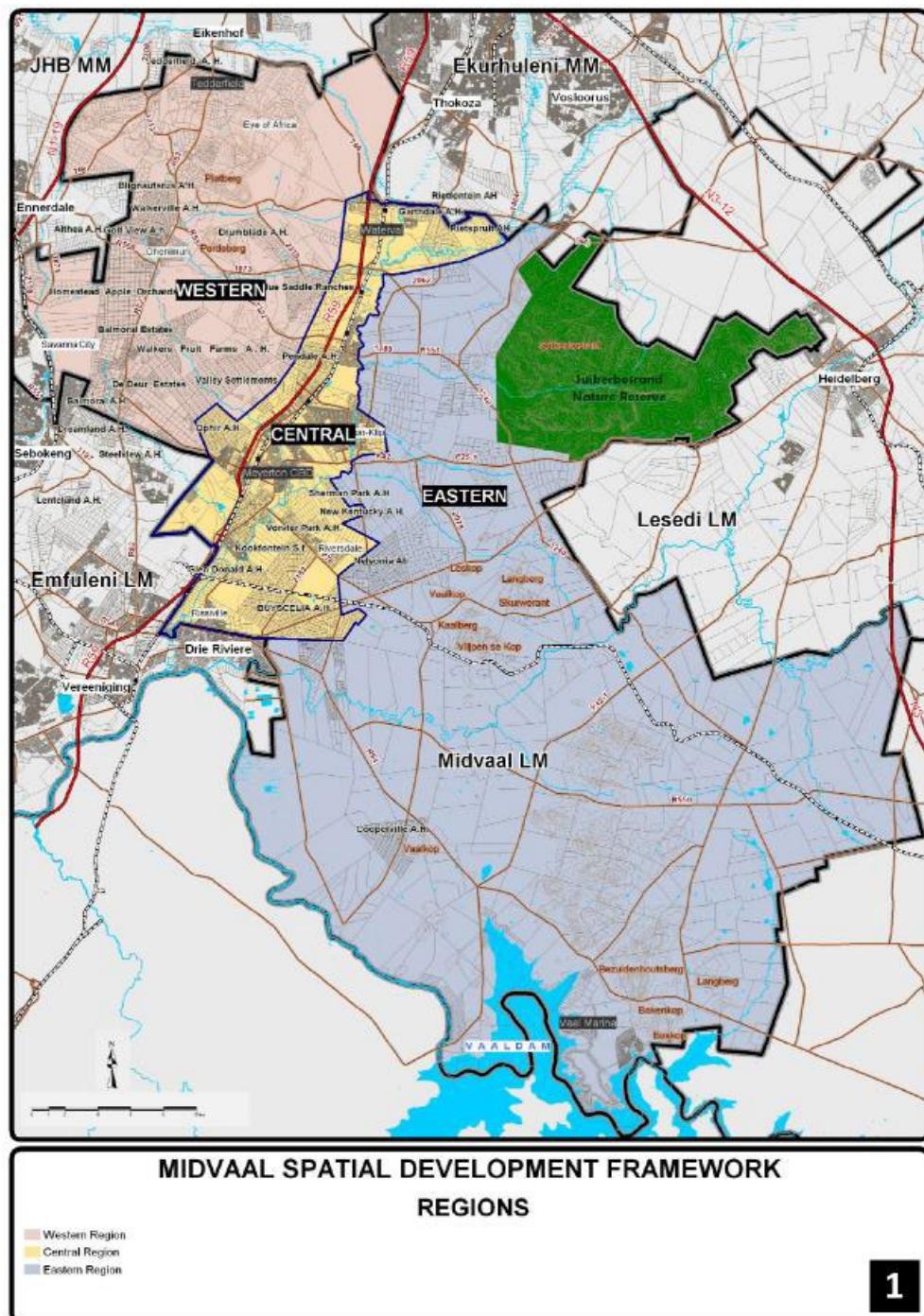
Detail on the provision of municipal services for A10

Total municipal services Ref.			2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	19,461	19,461	19,461	19,461	19,850	19,850	19,850	19,850	19,850
		Piped water inside yard (but not in dwelling)	5,376	5,376	5,376	5,376	5,484	5,484	5,484	5,484	5,484
	8	Using public tap (at least min service level)	1,467	1,467	1,467	1,467	1,496	1,496	1,496	1,496	1,496
	10	Other water supply (at least min service level)	-	-	-	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>	26,304	26,304	26,304	26,304	26,830	26,830	26,830	26,830	26,830
	9	Using public tap (< min. service level)	2,394	2,394	2,394	2,394	2,442	2,442	2,442	2,442	2,442
	10	Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
		No water supply	1,266	1,266	1,266	1,266	1,291	1,291	1,291	1,291	1,291
		<i>Below Minimum Service Level sub-total</i>	3,660	3,660	3,660	3,660	3,733	3,733	3,733	3,733	3,733
		<b>Total number of households</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>
		<b>Sanitation/sewage:</b>									
		Flush toilet (connected to sewerage)	17,370	17,370	17,370	17,370	17,717	17,717	17,717	17,717	17,717
		Flush toilet (with septic tank)	5,505	5,505	5,505	5,505	5,615	5,615	5,615	5,615	5,615
		Chemical toilet	1,842	1,842	1,842	1,842	1,879	1,879	1,879	1,879	1,879
		Pit toilet (ventilated)	477	477	477	477	487	487	487	487	487
		Other toilet provisions (> min.service level)	3,519	3,519	3,519	3,519	3,589	3,589	3,589	3,589	3,589
		<i>Minimum Service Level and Above sub-total</i>	28,713	28,713	28,713	28,713	29,287	29,287	29,287	29,287	29,287
		Bucket toilet	-	-	-	-	-	-	-	-	-
		Other toilet provisions (< min.service level)	645	645	645	645	658	658	658	658	658
		No toilet provisions	606	606	606	606	618	618	618	618	618
		<i>Below Minimum Service Level sub-total</i>	1,251	1,251	1,251	1,251	1,276	1,276	1,276	1,276	1,276
		<b>Total number of households</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>
		<b>Energy:</b>									
		Electricity (at least min.service level)	15,906	15,906	15,906	15,906	16,224	16,224	16,224	16,224	16,224
		Electricity - prepaid (min.service level)	7,500	7,500	7,500	7,500	7,650	7,650	7,650	7,650	7,650
		<i>Minimum Service Level and Above sub-total</i>	23,406	23,406	23,406	23,406	23,874	23,874	23,874	23,874	23,874
		Electricity (< min. service level)	363	363	363	363	370	370	370	370	370
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	6,195	6,195	6,195	6,195	6,319	6,319	6,319	6,319	6,319
		<i>Below Minimum Service Level sub-total</i>	6,558	6,558	6,558	6,558	6,689	6,689	6,689	6,689	6,689
		<b>Total number of households</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>	<b>30,563</b>
		<b>Refuse:</b>									
		Removed at least once a week	24,594	24,594	24,594	24,594	25,086	25,086	25,086	25,086	25,086
		<i>Minimum Service Level and Above sub-total</i>	24,594	24,594	24,594	24,594	25,086	25,086	25,086	25,086	25,086
		Removed less frequently than once a week	300	303	303	303	309	309	309	309	309
		Using communal refuse dump	579	579	579	579	591	591	591	591	591
		Using own refuse dump	3,177	3,177	3,177	3,177	3,241	3,241	3,241	3,241	3,241
		Other rubbish disposal	366	363	363	363	370	370	370	370	370
		No rubbish disposal	948	948	948	948	967	967	967	967	967
		<i>Below Minimum Service Level sub-total</i>	5,370	5,370	5,370	5,370	5,478	5,478	5,478	5,478	5,478
		<b>Total number of households</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>29,964</b>	<b>30,564</b>	<b>30,564</b>	<b>30,564</b>	<b>30,564</b>	<b>30,564</b>

## Dwelling Profile

Midvaal can be divided geographically into three specific regions, those being the Eastern, Central and Western regions, as pictured in

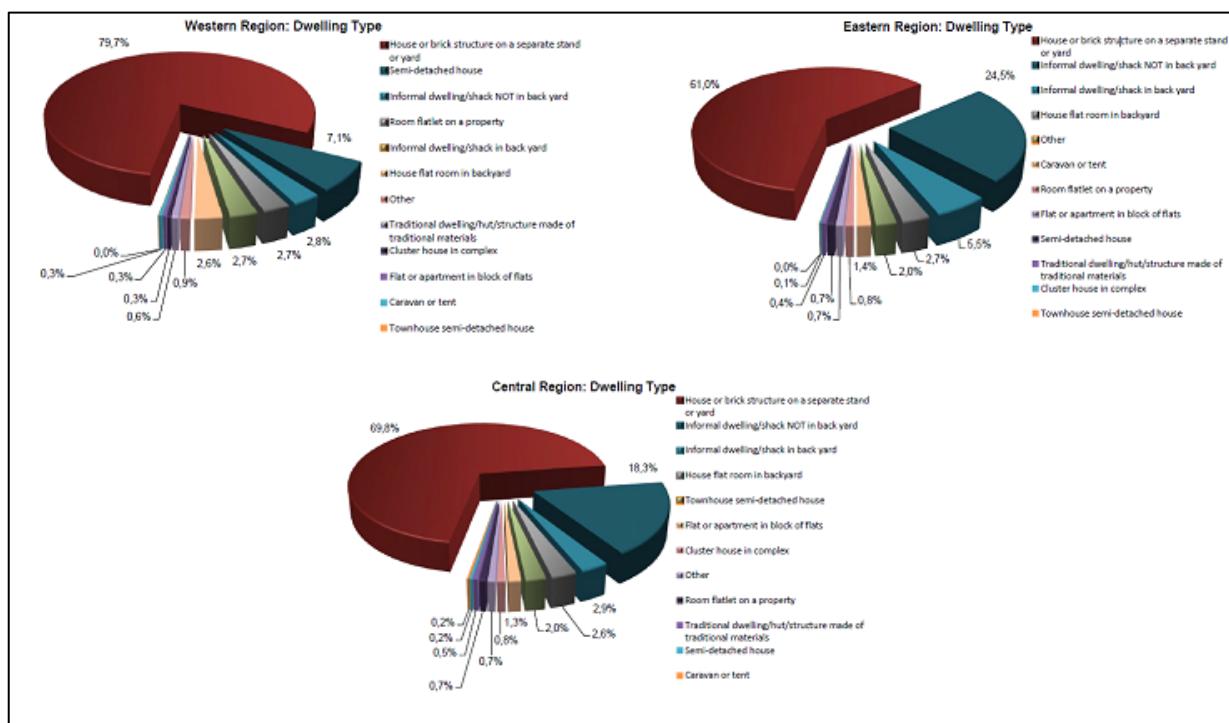
**Figure 4<sup>9</sup>.**



**Figure 42: Midvaal Geographic Regions**

<sup>9</sup> Source: Demacon Midvaal Economic Analysis 2015

The regions have different compositions of housing as indicated in **Figure 10**, with the Central and Eastern Regions showing a far greater proportion of informal dwellings than the Western Region.



**Figure 13: Dwelling Profiles of the Midvaal Regions**

### Lifestyle Measures Profile

The Living Standards Measure (LSM) is used to measure the lifestyle profile across the Midvaal area. The LSM areas are mapped in

**Figure 10**, with darker indicators representative of higher LSM areas,

**Figure 10** provides a view of the location of household below the minimum standards of living.

<sup>10</sup> Source: Demacon Midvaal Economic Analysis 2015

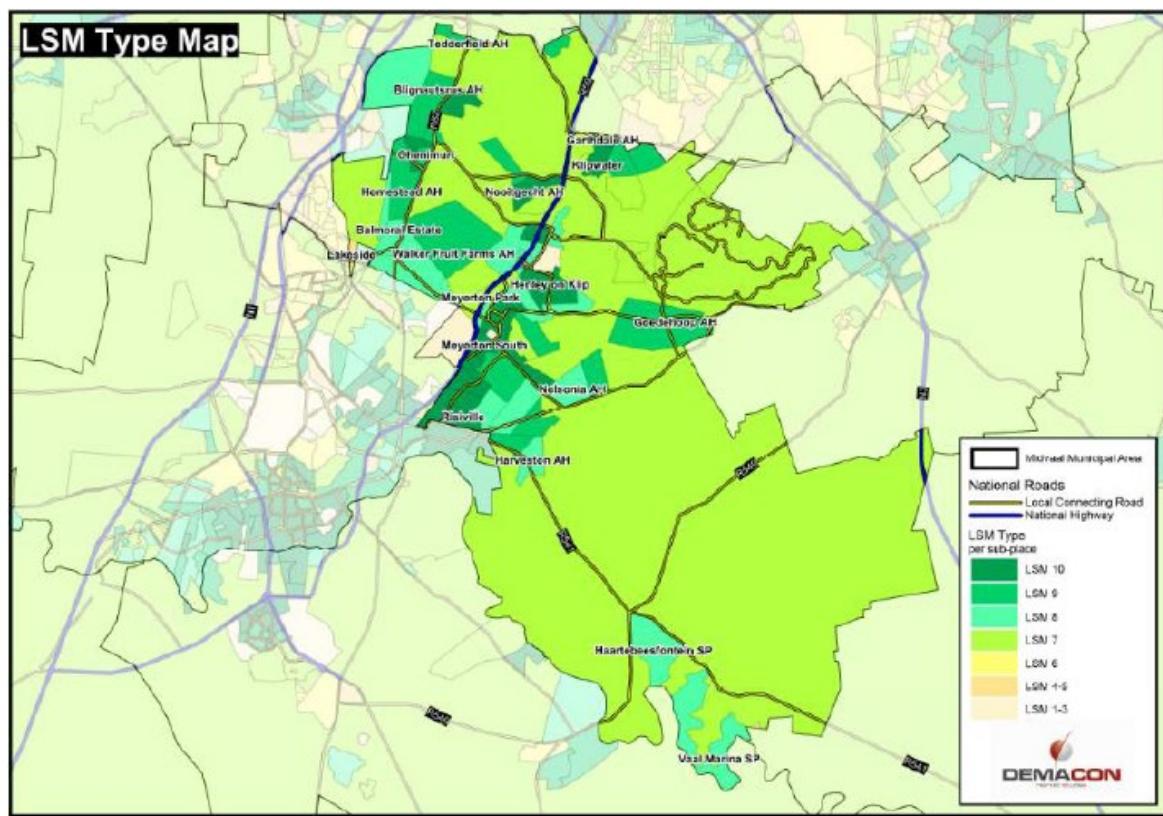


Figure 14: Map of LSM areas in Midvaal

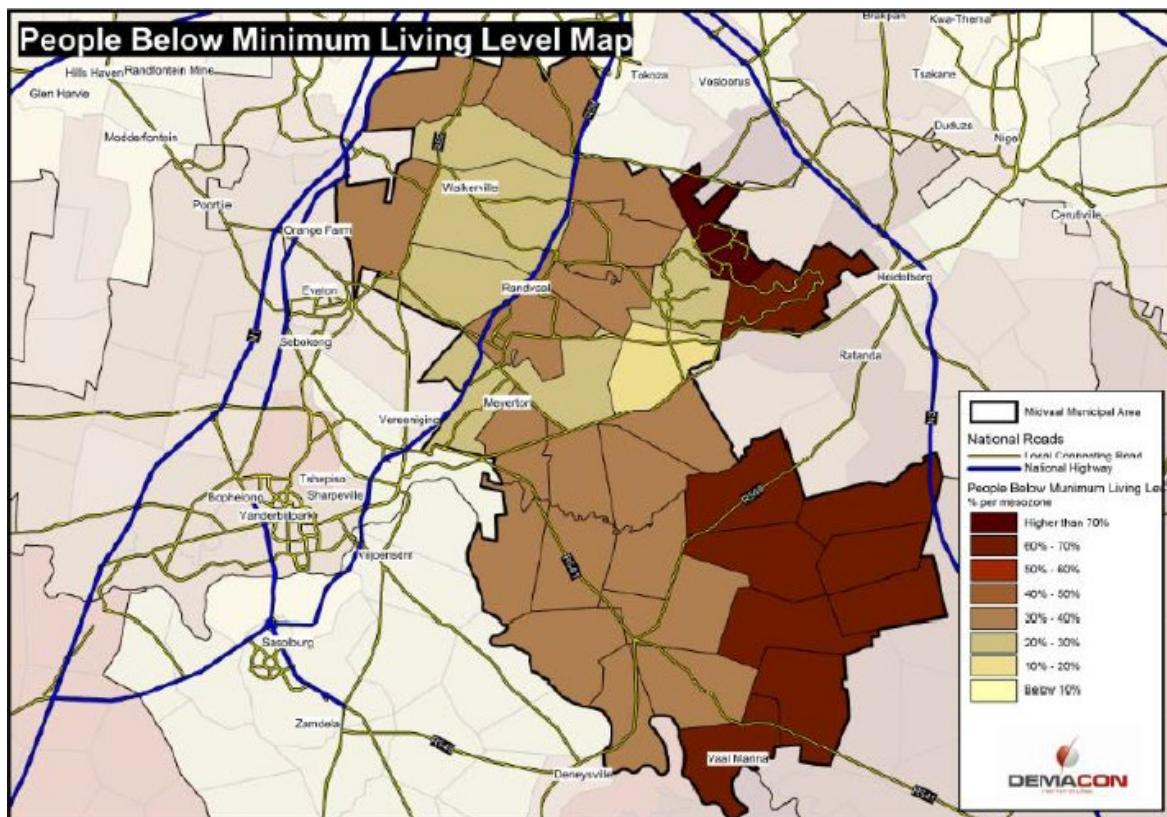
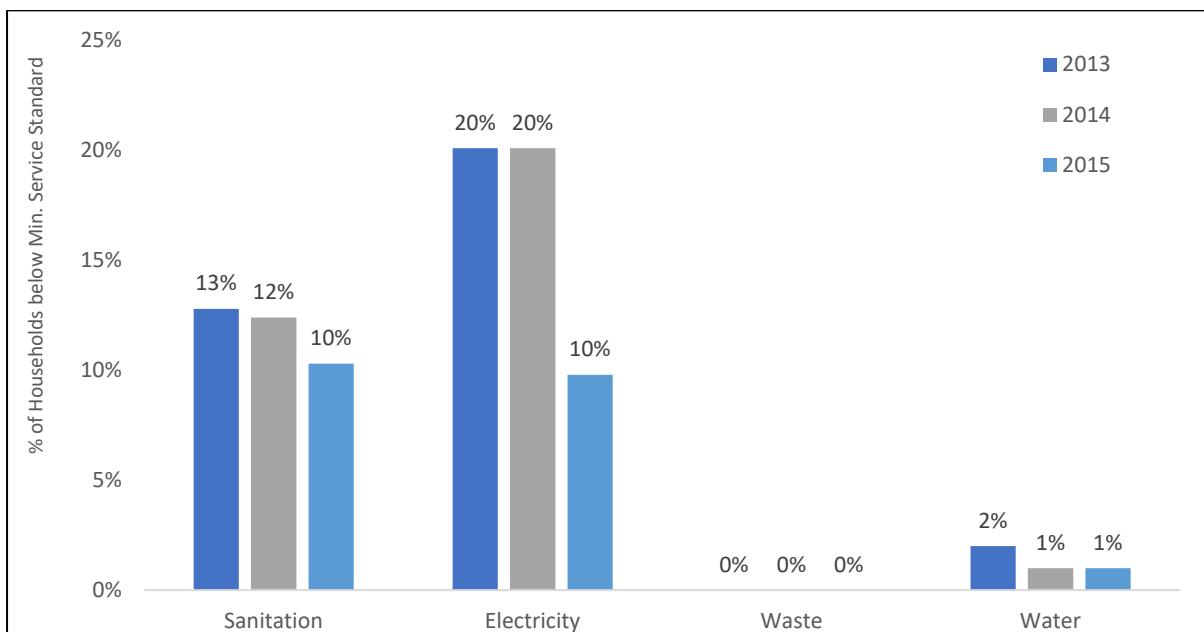


Figure 15: Map of location of people living below the minimum living level

## Basic Service Delivery Profile

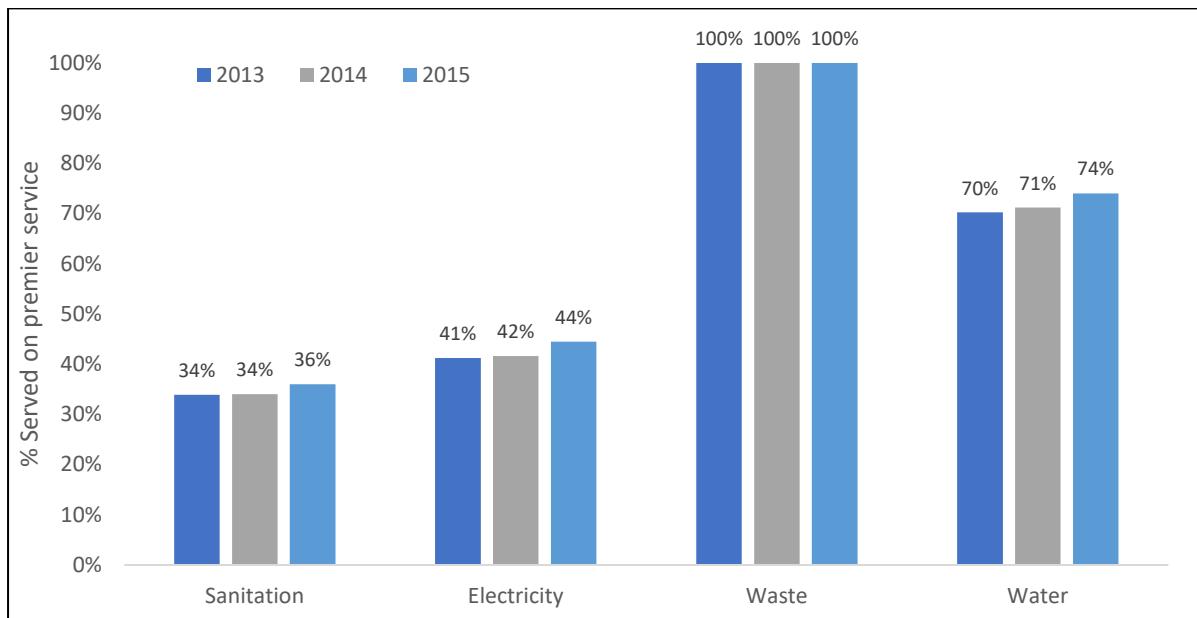
Basic service delivery includes providing access to water, electricity and sanitation as well as providing waste removal. Midvaal has progressed quite steadily with regard to providing basic service delivery to all households in the community. As indicated in **Figure 16**, MLM has achieved a successful reduction in the percentage of household not served to the minimum level of service quality.



**Figure 16: % of Households receiving services below the minimum standard**

However, within the definition of standard of service there exists a range of products, each with differing levels of quality and customer experience which qualify as above the minimum standard. Thus, two household may be counted as served sufficiently but be receiving widely varying service experiences. Figure 5 indicates the percentage of households served with the premier service across the basic services catalogue<sup>11</sup>. With the exception of Waste Removal, all categories fall short of providing the premier services to all households.

<sup>11</sup> Source: Midvaal Local Municipality Annual Report 2015/16, Jan 2017



**Figure 57: % Households served with premier service**

### Key Socio-Economic Demographics

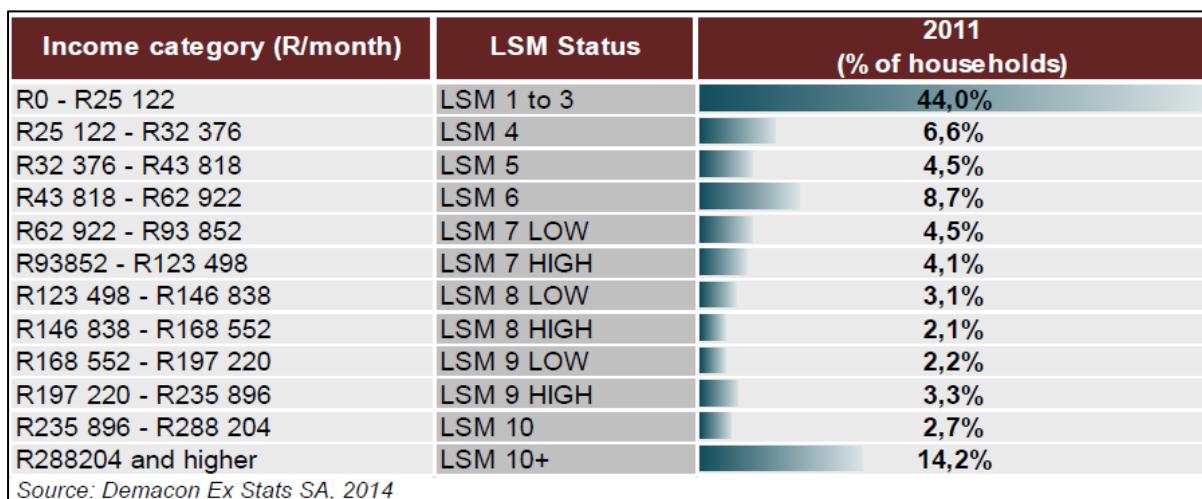
MLM Socio Economic Overview	
<b>Population &amp; Household Delivery</b>	Population (2016) - 111 612 Household (2016) - 38 046 High Population Density around R59
<b>Age Profile</b>	70% of Population of Working Age 58% of Population is Youth
<b>Educational</b>	Completed Grade 12 - 48% of Population
<b>Household Income</b>	Majority of Households earn between R 21 350- R 42 698 per annum
<b>Dwelling</b>	The east and center of the municipality composed of greater number of informal settlements
<b>Lifestyle Measures</b>	High LSM areas in the West and around R59
<b>Basic Service Delivery</b>	Reduction in number of households with access to minimum level of service, since 2013. Large disparity between households with premier and non-premier services

**Figure 68: Key Socio-Economic Demographics**

### 2.4. Community & Stakeholder Level Analysis

The Midvaal Municipality broadly serves two key community groups, the affluent community, as per *Figure 12* the households placed within the upper LSM (high income earning) groups, and the township community, as per *Figure* the households occupying the lower LSM groups (low income earning).

<sup>12</sup> Source: Demacon Midvaal Economic Analysis 2015



**Figure 19: Disparity in Midvaal Household Income**

#### 2.4.1. Affluent Community

The Affluent Community (high income earning) occupy the developed areas of Midvaal, which already have access to service delivery enabling infrastructure such as tarred roads, piped water and sanitation and receive the respective basic and social services from the municipality.

The Affluent Community requires excellent and efficient services from the municipality, with the top registered complaints relating to water leakages, electricity outages and potholes<sup>13</sup>.

In addition to the basic services challenges, Midvaal has a key social challenge impacting the affluent. There are a limited number of recreational and social activities within the Municipality which is not limited to the largely rural areas of the municipality. Meyerton, the largest town in the municipality has limited choices of entertainment, requiring the inhabitant to travel outside of the municipality for entertainment<sup>14</sup>.

#### 2.4.2. Township Community

The Township Community (low income earning) occupies the less developed areas of Midvaal, either on the edge of developed areas or in rural settings, where there is limited or no service enabling infrastructure. The Township Community thus receives limited basic services from the municipality.

The Township Community require access to basic and social services which they do not have at present and have highlighted their displeasure with respect to the disparity in access and service quality between themselves and the Affluent.

Basic services are seen as a vehicle for upliftment however this cannot be seen in isolation to social services. The municipality currently support the Township community with a number of programmes focused on uplifting and supporting the youth and population who most need it the most, however a lack of funding and resources has limited the reach of the respective programmes<sup>15</sup>.

<sup>13</sup> Source: Midvaal Customer Satisfaction Survey 3<sup>rd</sup> Quarter 2016

<sup>14</sup> Source: Internal Analysis

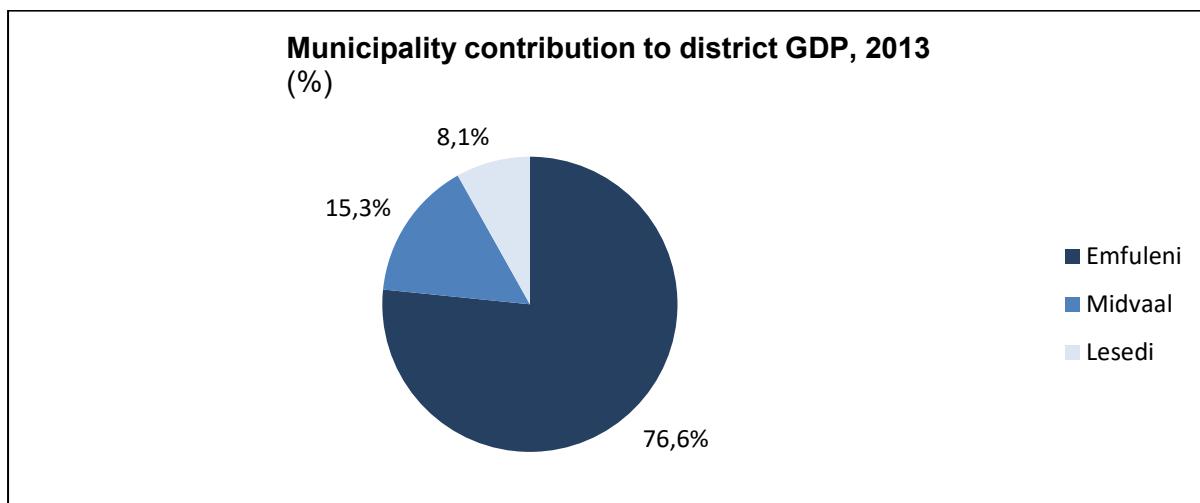
<sup>15</sup> Source: Internal Analysis

## 2.5. Economic Analysis

The economic indicators of an area form the basis for current demand for residential and commercial product offering and also serve as the drivers for future growth in demand. An improving economy has positive implications for disposable income growth and thus residential purchasing power in the short term.

### 2.5.1. Economic growth

Midvaal falls within the Sedibeng District alongside two other municipalities, Emfuleni and Lesedi. Emfuleni is the largest municipality within the District, contributing 76.61% to its GDP, whilst Midvaal and Lesedi contributed 15.27% and 8.13% respectively.



**Figure 20: Municipality contribution to district GDP**

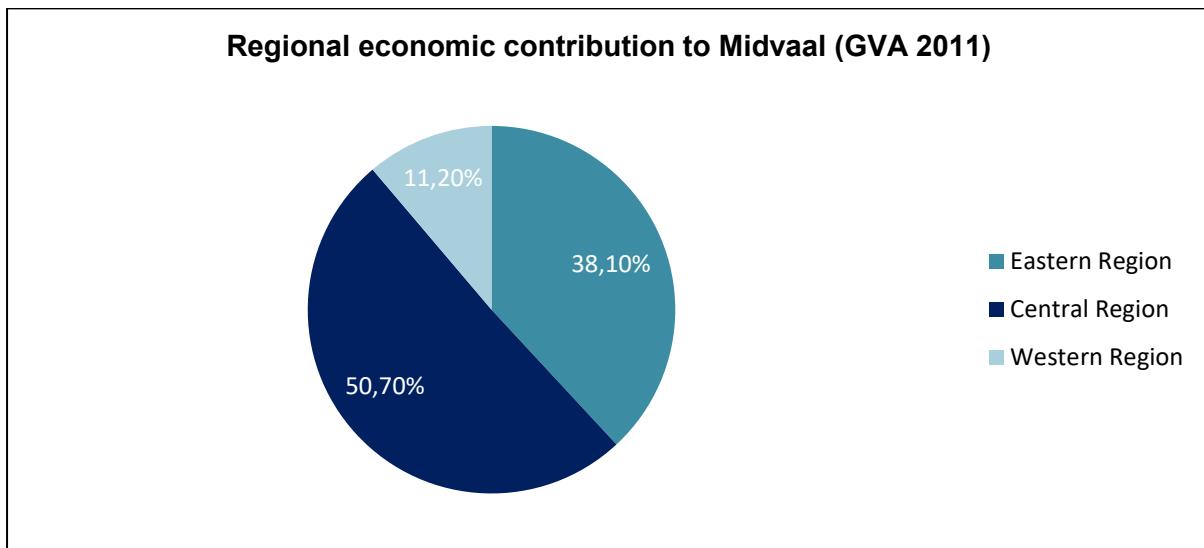
The total GDP for Sedibeng was R42.7 billion in 2013<sup>16</sup>, of which Midvaal contributed R6.52 billion and Lesedi, R3.47 billion. Midvaal had the highest average annual economic growth, averaging 5.4% between 2003 and 2013. Lesedi averaged 4.29%, and Emfuleni, 3.12%.

**Table 5: GDP - Local municipalities of Sedibeng District Municipality, 2003 to 2013, share and growth**

District	GDP (2013, current prices)	Share of district municipality	Average annual growth rate
Emfuleni	32.7	76.6%	3.12%
Midvaal	6.52	15.3%	5.40%
Lesedi	3.47	8.1%	4.29%
Sedibeng	42.68	100%	

<sup>16</sup> Source: Sedibeng 2015/16 IDP, page 46

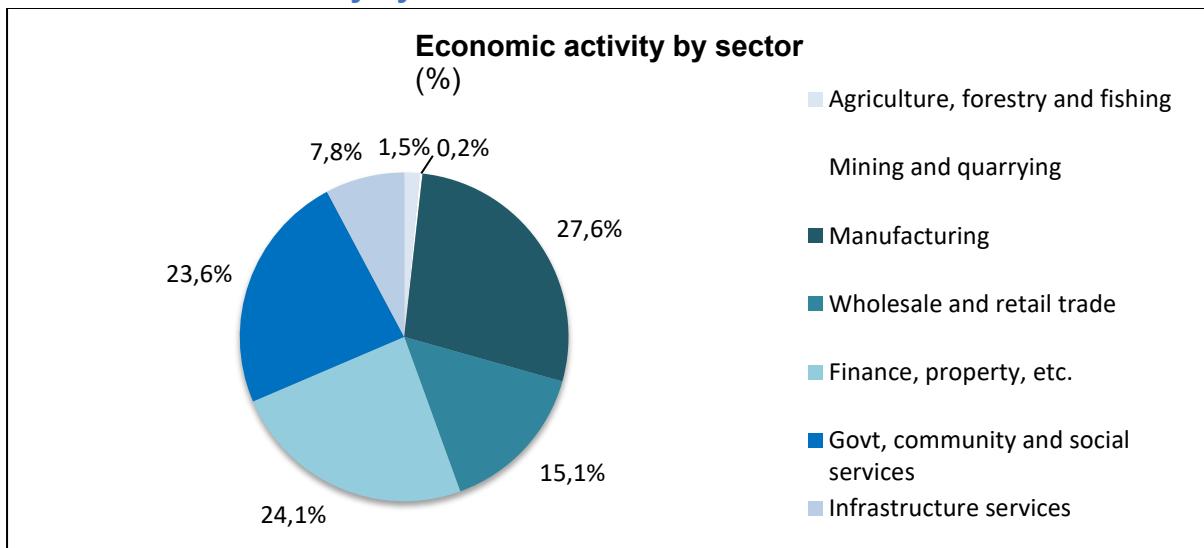
## 2.5.2. Regional economic contribution



**Figure 21: Size of regional economies, 2011 (at basic prices) - GVA**

The Midvaal area is composed of three distinct areas, Central, Easter and Western as presented in [Figure](#). The Western region of Midvaal contributes 50.7% to the economy of Midvaal, with the Central region and Eastern region contributing 38.10% and 11.20% respectively<sup>17</sup>.

## 2.5.3. Economic activity by sector



**Figure 22: Economic activity by sector<sup>18</sup>**

As can be seen in the table above, the pillars of the local economy are Manufacturing, Finance, Government, Community & Social services, Wholesale and Retail trade. These cumulatively contribute 90.4% to the local economy<sup>19</sup>.

Ranking the sectors from highest to lowest:

<sup>17</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>18</sup> Source: Midvaal Local Municipality Annual Report 2015/16, Jan 2017

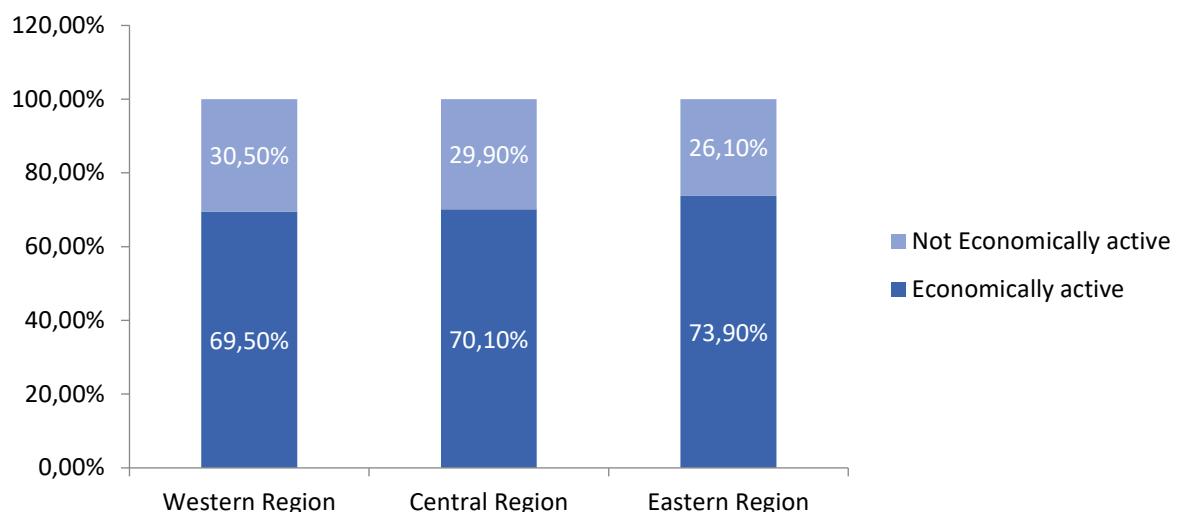
<sup>19</sup> Source: Demacon Midvaal Economic Analysis 2015

1. Manufacturing – 27.6%
2. Finance, property etc. – 24.1%
3. Government, Community and Social Services – 23.6%
4. Wholesale and retail trade – 15.1%
5. Infrastructure services – 7.8%
6. Agriculture, forestry and fishing – 1.5%
7. Mining and quarrying – 0.2%

From a growth perspective, Midvaal is endowed with the potential to diversify its economy and grow manufacturing, tourism, agriculture and construction. According to the draft spatial development framework (SDF), these are sectors with a comparative advantage. Diversification not only promotes growth within the area but also allows the economy to be resilient to negative shocks to any one specific sector.

#### **2.5.4. Employment profile**

Employment is the primary means by which individuals who are of a working age may earn an income that will enable them to provide for their basic needs. With the exception to the provincial level, Midvaal has the highest level of economically active population – 70.4%. Midvaal local municipality therefore has a large supply of labour. As can be seen from the figure below, the level of economically active individuals versus not economically active individuals is a function of the region of the municipality within which one resides<sup>19</sup>.



**Figure 23: Employment status Midvaal regions (economically active population), 2011**

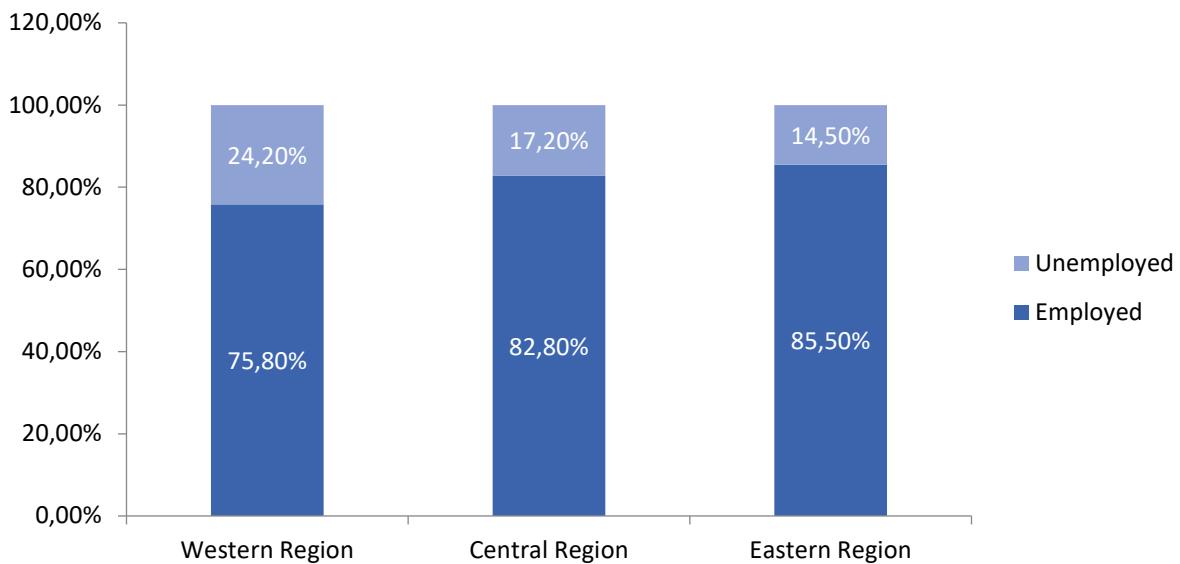
The unemployment rate for Midvaal, as per the broad definition, is 18.8%<sup>20</sup>. This translates to the highest employment rate (81.2%), when compared to the provincial and district situation.

The youth unemployment rate however, stands at 25.4% for those aged 15-24 (i.e. those eligible to work).

The trend within the regions extends into the employment rates of each region, with the Eastern Region experiencing the highest rates of employment across the municipality, at

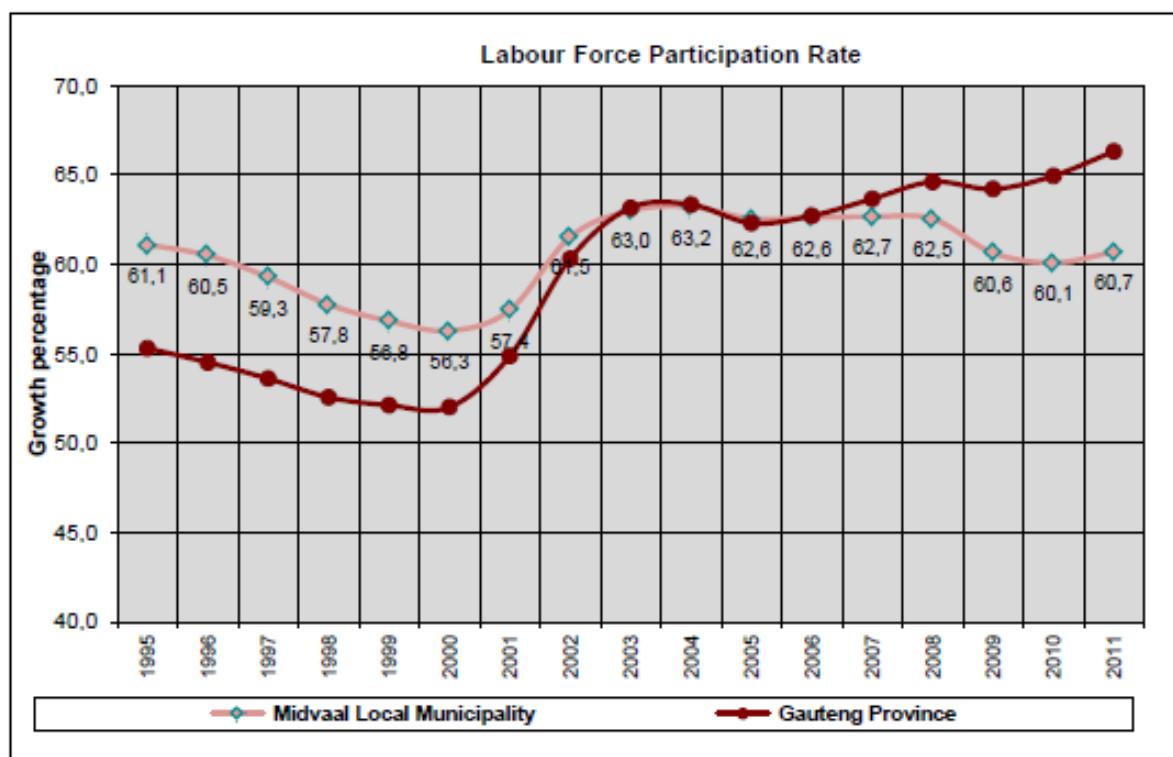
<sup>20</sup> Source: Stats SA, Census 2011

85.5%, with the Central Region following closely behind at 82.8% and the Western Region at 75.8%<sup>21</sup>.



**Figure 24: Employment status Midvaal regions (employed and unemployed population), 2011**

Since 2006, the labour force participation rate for Midvaal local municipality deviated from the provincial level, declining as the province's rate increased.



**Figure 25: Labour force participation rate of Midvaal LM compared to Gauteng Province**

<sup>21</sup> Source: Demacon Midvaal Economic Analysis 2015

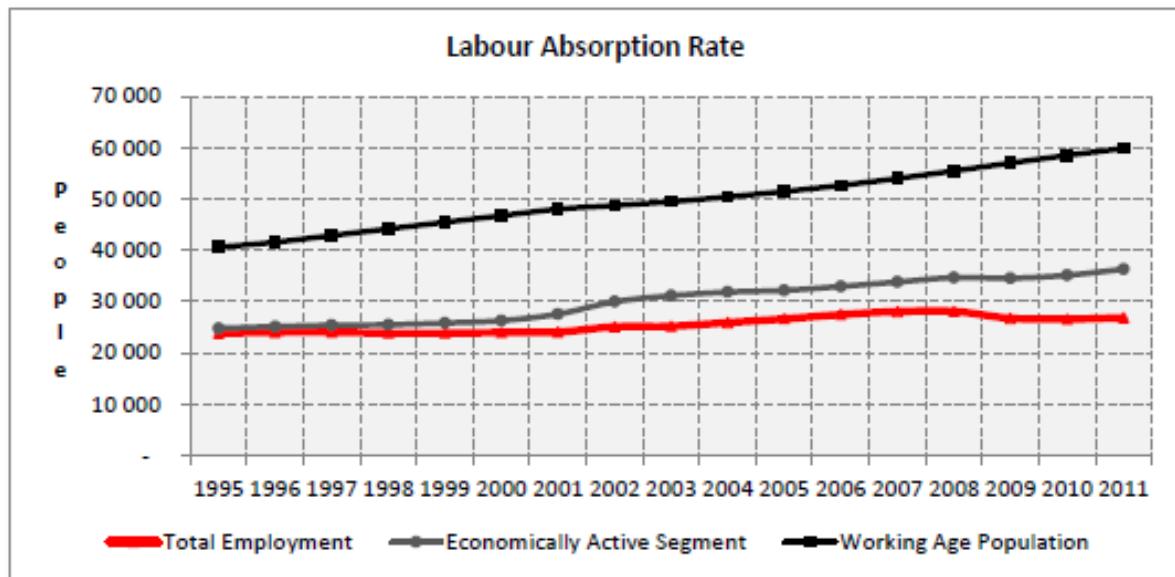


Figure 26: Labour absorption rate for Midvaal LM

Furthermore, as per the figure above, the working age population is growing with approximately 1204 people per annum, whilst the economically active population is expanding with approximately 720 people per annum. The economy however, can absorb only 189 people per annum<sup>22</sup>.

## 2.6. Environmental Analysis

Environmental challenges are unique in that its effects often cannot be localised. For instance, air pollution is transported in the atmosphere between municipalities and provinces and countries. Moreover, river contamination affects all users in proximity to the river at any point downstream. It is often for this reason that most environmental regulations are typically a provincial or national function, instead of a local municipal function.

In the Midvaal, manufacturing is the highest contributor to the local economy and furthermore has been earmarked as a key development area of the future<sup>23</sup>. Manufacturers are typically high producers of air pollution (in its various forms), which can have a significant effect on the health of the population and the environment, i.e. air pollution can cause breathing and skin diseases as well as cause harmful rain, contaminating water bodies. A strong manufacturing industry can also result in a high level of effluent emissions, which may contain compounds that are a human health and environmental risk. Effluent can contaminate surface-and ground water aquifers, affecting water supply to communities or facilitate widespread ecosystem degradation. Midvaal is currently mandated to enforce compliance in primarily three areas of environmental management:

- (1) pollution (effluent) control
- (2) biodiversity; and
- (3) landscape<sup>24</sup>.

<sup>22</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>23</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>24</sup> Source: Midvaal Annual Report 2015/16

A major challenge faced by the Municipality is that its vast geographical area makes controlling, in particular land pollution such as illegal dumping and illegal oil spills, extremely difficult. Advanced control systems are required to effectively control environmental risks. An additional challenge is lacking resources and infrastructure to impact positively on the pollution levels<sup>25</sup>.

## 2.7. Institutional Analysis

The institution has a number of strengths and weaknesses, which directly impact on its ability to serve the community. These are discussed as follows:

### 2.7.1. Institutional Achievements

1. The institution has obtained a **clean audit** for the 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 financial year which takes into account KPI commitments as well as financial and procurement audits<sup>24</sup>
2. Midvaal Local Municipality was ranked as the top performing municipality in Gauteng in the 2015 Annual Municipal Financial Sustainability Index compiled by Ratings Afrika<sup>26</sup> for the second consecutive year.
3. Midvaal received the 1st place award in the category Overall Service to Residents by Municipalities for 2017, 2018 and 2019 PMR Africa awards<sup>24</sup>
4. The Municipality maintains a high level of positive public approval, with its approval rate being 81%
5. The Institution also boasts the lowest unemployment rate in Gauteng, being 18.8%
6. Midvaal Local Municipality won the award for “The institution doing the most to clean the environment” in the 2014 Sedibeng Regional Survey Business Excellence Awards, conducted by PMR Africa

### 2.7.2. Institutional Challenges

Midvaal experiences a number of challenges which threaten its ability to operate efficiently and effectively, in terms of its mandate. The major current challenges can be synthesised into eight key themes, which are as follows:

#### Funding and Finance

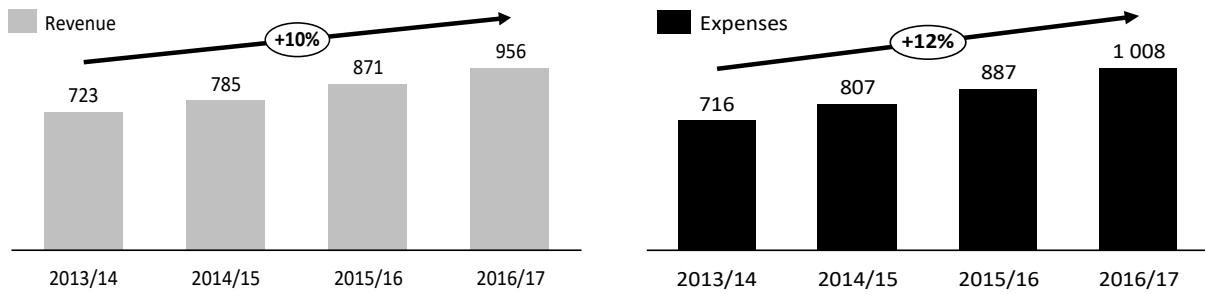
One of the key challenges being experienced by Midvaal is insufficient funding for its operations and insufficient finance for expansion. The funding challenges are due to the rate of revenue increasing at a slower rate than the increase in expenditure, as presented in the below figure<sup>27</sup>. These trends are influenced by two key factors. (1) The Municipality currently shows a lag in revenue brought about by significant investments in medium to long term development projects. It is expected that revenues will significantly increase once investments begin yielding returns. (2) The current model of cross subsidisation employed by the Municipality is exhausting its expenditure, which has now reached a tipping point where funding for adequate provision of services (for all) is under threat. The cross-subsidisation model is not sustainable in the Midvaal context, and alternative streams of revenue is required in moving forward. (3) There is limited debt collection in certain areas of the municipality.

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<sup>25</sup> Source: Internal Analysis

<sup>26</sup> Source: [www.midvaal.gov.za](http://www.midvaal.gov.za)

<sup>27</sup> Source: Midvaal Municipality Financial Results 2017



**Figure 27: Trends in Revenue & Expenses over the period 2013/14-2016/17 (Rmn)**

### Inefficiencies in Service Delivery (SD)

The next key challenge for the Municipality is inefficiencies in delivering services. In particular, the Municipality shows poor turnaround times in service delivery on account of resource and capacity constraints<sup>28</sup>. This has the ability to significantly affect the quality of life of the Midvaal community. According to the 2016 Oct-Dec Customer Satisfaction survey, the highest number of complaints in the Municipality were all related to service delivery. These included:

1. water leakages,
2. overgrown stands,
3. tree trimming,
4. electrical issues,
5. blocked sewers and
6. road maintenance and potholes.

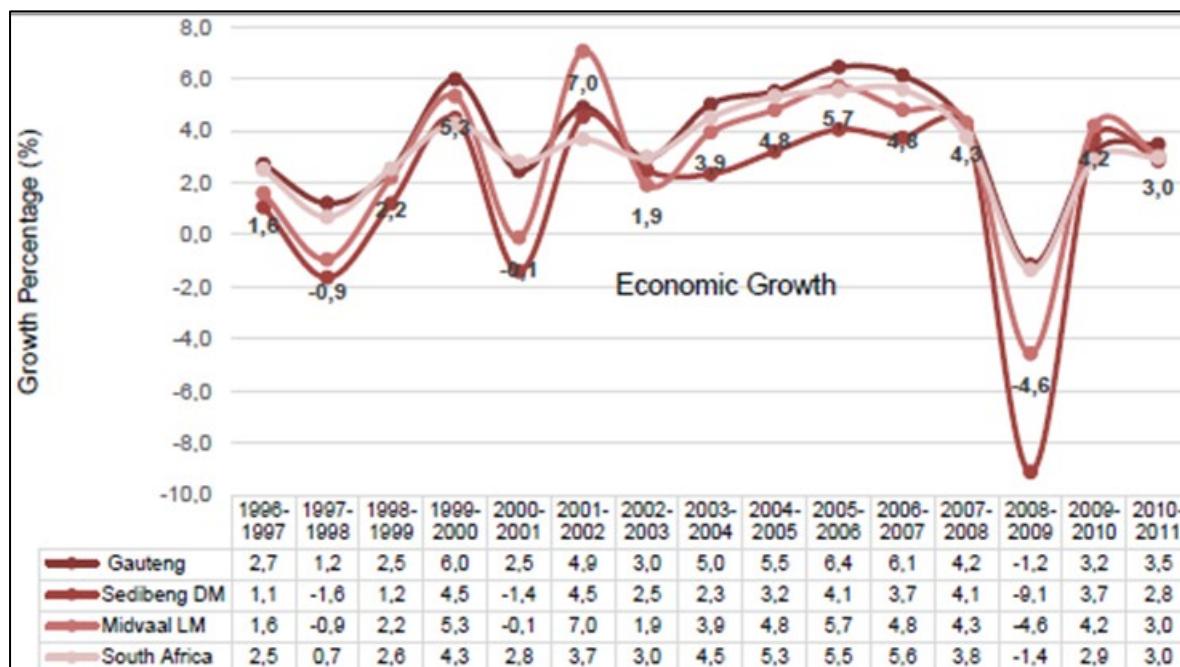
### Growth Challenges

The Midvaal Municipality has shown relatively conservative economic growth over the period 1996/97-2010/11 (latest data<sup>29</sup>). Its GDP as of 2013 was R6.52 billion and is projected to be R10.44 billion in 2018, and average annual growth rate of 3.87%<sup>30</sup>. Sluggish growth is a result of Midvaal existing primarily as a residential Municipality, with much of the economic activity occurring within other Municipalities in close proximity. Moreover, Midvaal is struggling to establish itself as an attractive development destination. An assertive effort is required to grow the economy by sweating its resources and attracting investments.

<sup>28</sup> Source: Internal Analysis

<sup>29</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>30</sup> Source: Sedibeng IDP 2015/16



**Figure 28: Economic growth trends in Midvaal between 1996/97 and 2010/11**

### Inequality in service delivery and socioeconomic conditions

There is currently significant inequality in the Municipality in terms of infrastructure for service delivery and resultantly, quality of service delivery<sup>31</sup>. There is also significant disparity in skills and capacity throughout the Municipality, particularly in youth. Youth (0-35 years old) comprise of approximately 58% of the population, however they are the demographic which shows the highest unemployment rate, being 25.5%<sup>29</sup>. This poses significant social, economic and political challenges for the municipality.

### Internal Capacity and Skills Gaps

The Municipality faces important internal capacity challenges inhibiting the ability of the Municipality to deliver on its mandate. The internal capacity challenges stem from the following key issues: (1) There is a high number of vacancies internally, which are causing strain on current staff, affecting morale, and inhibiting performance<sup>32</sup>. The current total number of vacancies is 42 for 2017/18<sup>33</sup>. (2) Understaffing has resulted in high amounts of overtime being worked. Staff are required to take long periods of leave to offset overtime, which creates operational challenges<sup>32</sup>. (3) There are skills gaps in key functions within the Municipality<sup>32</sup>.

### Poor Communication

Another major challenge for Midvaal is communication, internally and externally. Internal communication is limited due to the internal operating structure, which supports a ‘silo’ way of working<sup>32</sup>. There is limited flow of information between Departments, which results in a high level of inefficiency in multi-department projects, especially when multiple sign-offs are required. Moreover, the poor internal communication practises have manifested into a low

<sup>31</sup> Source: Midvaal Customer Survey 2016

<sup>32</sup> Source: Internal Analysis

<sup>33</sup> Source: Internal Vacancies Analysis 2017

level of staff morale, which requires attention in order to improve personal performance and efficiency.

Externally, the municipality has been criticised for slow response times in communicating back to the community, particularly when work has been pipelined, but delayed. There is also currently a dual complaints system leading to lost complaints, further exacerbating the problem. There is also ineffectiveness in the use of a variety of communication channels in order to reach target communities. These are a result of a poorly integrated communication system within the municipality.

### **Poor Public Perception**

Midvaal Municipality is currently struggling to be perceived as an attractive and business enabling municipality. This is partly because the municipality is not correctly utilising its resources to brand and promote itself. For instance, there is high potential for tourism in the Municipality which is not being fully utilised<sup>34</sup>. Furthermore, there is an abundance of land, which could be sweated to attract development<sup>34</sup>. The poor perception of Midvaal, in comparison to neighbouring Municipalities directly affects the Municipalities ability to form partnerships and attract people into its borders.

### **Internal and External Processes**

With regards to its Information, Technology and Communication (ITC) systems, the municipality currently has outdated internal technology and systems. This creates a high level of inefficiency, which has the ability to hinder timely completion of projects. Inefficient internal processes also affect decision making, building plans, communications and procurement practises.

Externally, the main challenge is that there are long legal processes with respect to debt collection.

### **Limited Mandate**

Local Municipalities operate in an extremely legislated environment. Therefore, its ability to serve the needs of the community are restrictive<sup>35</sup>. For instance, it is out of Midvaal's jurisdiction to develop human settlements, maintain a police force and improve the quality of air emissions. These have the potential to severely impact the delivery of basic and non-basic services.

## **2.8. Spatial Analysis**

The Midvaal Municipality is a vast expanse of land, covering an area of 1722 km<sup>2</sup>. The major economic zone is defined by the R59 and R82 highways. Both routes, along with the N3 and N1 highways, have been identified as development corridors according to the Midvaal Development Corridor Hierarchy<sup>36</sup>. The primary development regions can be divided into three key regions; the central region, western region and eastern region<sup>36</sup>. The spatial development framework map of the Municipality is presented below.

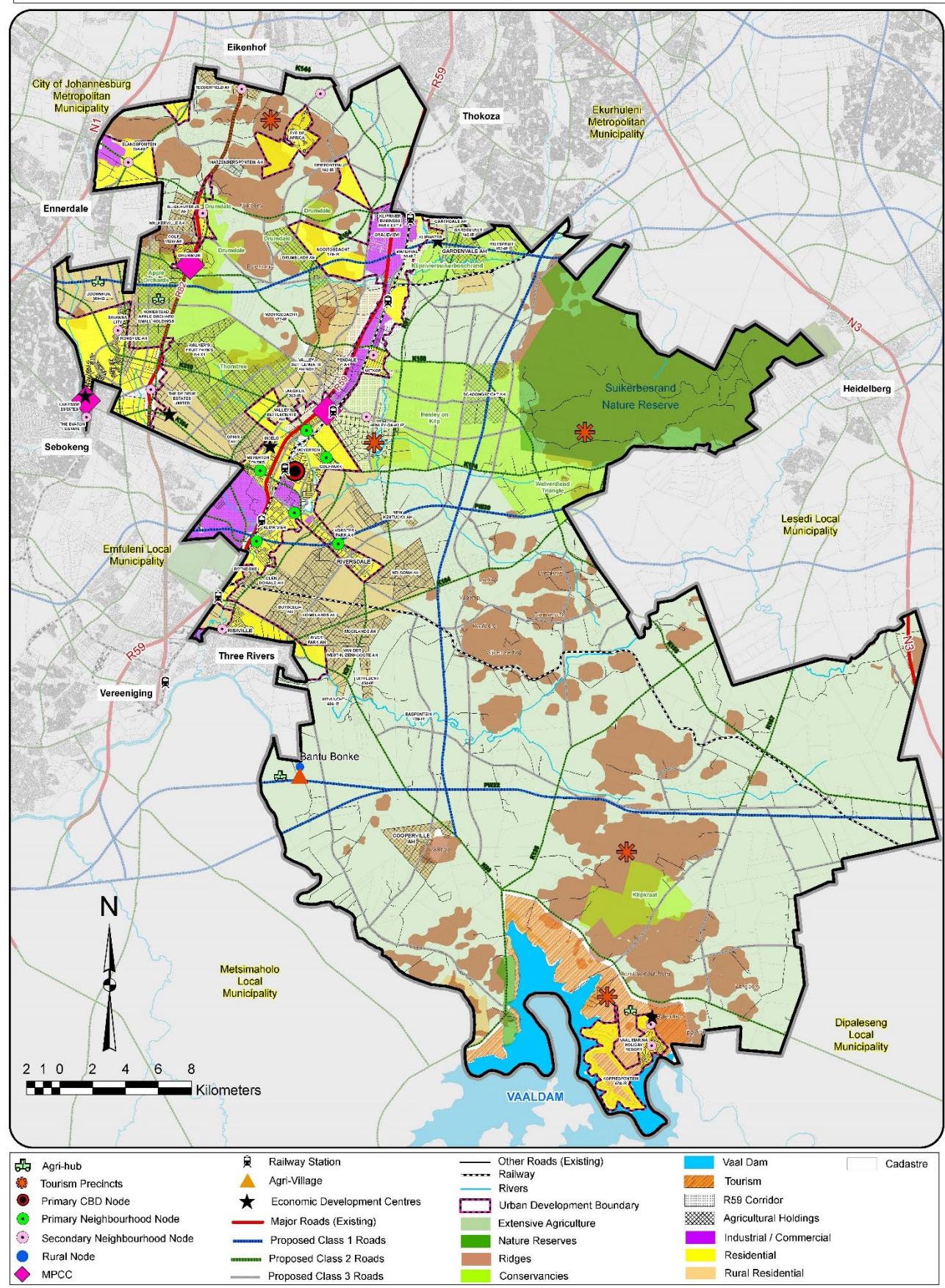
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<sup>34</sup> Source: Demacon Midvaal Economic Analysis 2015

<sup>35</sup> Source: Constitution of the Republic of South Africa No 108 of 1996

<sup>36</sup> Source: Demacon Midvaal Economic Analysis 2015

**MIDVAAL SPATIAL DEVELOPMENT FRAMEWORK**  
**Composite Map 2020 - 2021**



**Figure 29: Spatial Development Framework for the Midvaal Municipality 2020/2021**

The Central Region of the development zone is the most advanced economic region in the Midvaal, partially because it is located in close proximity to the R59 Development Corridor. It offers the best mobility and distribution opportunities for goods and services and as a result plays an important role in the Midvaal local economy. It is further the region with the highest population number, population density and most diverse economic structure (as discussed above). This region, however, has very little aesthetic value and high concentrations of air pollution<sup>37</sup>.

The Western Region is well situated with regard to the smaller R82 Development Corridor and as a result, shows strong economic potential. The Western region is however in close proximity to the economic powerhouses of Emfuleni and the southern part of the City of Johannesburg, creating strong competition for market investments. The Western Region has a scenic quality due to the hillock range and a middle-high income rural lifestyle type of residential development. Moreover, the presence of the Eye of Africa golf estate and equestrian estates in the region further add to the aesthetic beauty of the region<sup>38</sup>.

The Eastern region has an aesthetic rural charm that favors tourism and agricultural activities, which are currently underdeveloped. The current challenge in developing these regions is high levels of air and water pollution, which affects the aesthetic appeal of the region<sup>39</sup>. It is important that this be urgently addressed to facilitate development in the region.

### **Spatial Development Potential**

Between the three major development regions, the central region is believed to be the most attractive for market investment. This is on account of its proximity to R59 Development Corridor, which increases its accessibility to the urban markets located in Southern Gauteng and Northern Free State. The region further has the highest level of bulk service infrastructure to facilitate additional development. The central area is an ideal location for future industrial and commercial activities.

Development in the Western region, particularly due to its aesthetic charm should likely be in the residential sector. It lends itself to a rural and quiet type of setting, where people wishing to escape the bustle of cities may want to reside.

In the Eastern region, focus in development should be around tourism and agriculture. Tourism-related investment opportunities should focus on the Suikerbosrand Nature Reserve and the Vaal Marina Node. The abundance of land should also be sweated in order to maximize its economic potential. It is interesting that Agriculture only contributes 1.5% to the local economy despite Midvaal being made up of a large portion of agricultural land. In fact, Midvaal has been earmarked as Gauteng's 'Agritropolis'.

### **Agri-tropolis: Growing the Midvaal Vision**

Midvaal Local Municipality spans 1722 Sq. km, the second largest municipality (geographically) in Gauteng, of which about, 1621 Sq. Km consists of agricultural land (comprising farms and small/agricultural holdings). Yet agriculture contributes less than 1%

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<sup>37</sup> Demacon Midvaal Economic Analysis 2015

<sup>38</sup> Demacon Economic Analysis Report 2015

<sup>39</sup> Demacon Economic Analysis Report 2015

to the Midvaal economy and showed the greatest decline in the long term (1996-2011) when compared to the national, provincial, and district economies (-7.3% annually).

In the medium term (-5.3% per annum between 2001-2011) and short term (1.2% per annum between 2006-2011) it fared worse than the national and provincial growth rates, but better than the district economy. The positive of this is that the Agricultural Sector is showing some improvement. This improvement can be linked to the increased government spending in this sector. The municipality has identified agriculture as a sector that can grow the economy and create jobs. Council has since adopted an Agricultural Growth Strategy. As part of implementation of the Agricultural Growth Strategy, the municipality is streamlining its stakeholder engagement and support for farmers. Land has been identified by Council to be leased for agriculture. It is the municipality's view that the intervention above will impact on the agricultural growth and development.

In terms of the total employment in Midvaal Local Economy, the Agricultural Sector housed 2.0% of all employees, the second smallest employment providing economic sector in the local economy. Employment growth (both formal and informal employment) shows the same pattern between 1996 and 2011, though the informal employment pattern fluctuated much more in extreme than formal employment.

In total, employment growth in agriculture, forestry & fishing has been on a slight increase between 1996 and 2011, but even with the agricultural initiatives implemented in 2009-2010, employment growth has steadily stayed in the negative. Thus, indicating that government investment did not have the same impact on job creation as what it had on economic growth.

South Africa is faced with increased volatility in food security, and this is intensified in the Gauteng Province by the high rate of immigration and the resultant high population growth experienced. Midvaal Local Municipality assessed its comparative advantages and concluded that the agricultural sector has the potential to be a socio-economic game-changer that can grow the economy and create jobs.

The role that Midvaal Local Municipality could play has been expressed by the Gauteng Premier in his State of the Province Address (SOPA) "The second area of focus is to unlock the agricultural potential of Sedibeng as the food basket of the Gauteng City Region and position the region as an Agri-tropolis."

The reviving of agriculture and the agro-processing value chain is key for radical economic transformation, says Trade and Industry Minister Rob Davies. "Much more value is created in agro-processing than it is in agriculture. There are high quality jobs if we actually process the products that we produce. Agro-processing can exist and add value where there is agriculture. But agro-processing can also drive agriculture and create a market for farmers," said Minister Davies.

The minister was speaking at the Eat Well, Eat Safe Local campaign at Cofimvaba High School, in Cofimvaba village, Eastern Cape. The result of this is the recognition of the "Agri-tropolis" concept as a major "game-changer" programme to propel the Midvaal Economy towards modernization and leading the municipality towards the re-industrialization of Gauteng.

The impact would be beyond the revitalization of the township economy and will drive Midvaal

towards decisive spatial and economic transformation and accelerated social transformation as we will start to address unemployment through enhanced employment of women, youth and people with disabilities in agriculture and agricultural beneficiation.

The “Agri-tropolis” initiative will be an important enabler in the growth of the agricultural sector. Rigorous investment and the anticipation would be to give effect to the Midvaal vision for Midvaal to be renowned for robust economic growth and a high quality of life for all.

## 2.9. Municipal Level Summary SWOT (2017)

Table 6: Municipal Level SWOT

Municipal Level SWOT analysis	
<b>Strengths</b> <ul style="list-style-type: none"> <li>• Clean Audit for 2013/14, 2014/15 &amp; 2015/16 and 2017/18 financial years</li> <li>• Ranked as the top performing municipality in Gauteng</li> <li>• High level of positive public approval</li> <li>• Large supply of labour due to 70.4% of the population being economically active</li> <li>• Political majority</li> <li>• Large youth population</li> <li>• Lowest unemployment rate in Gauteng</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Funding and Finance constraints</li> <li>• Currently at a tipping point in being able to provide service based on current resources</li> <li>• Poor internal efficiencies</li> <li>• Poor internal and external communication</li> <li>• High inequality in provision of services</li> <li>• Inequality in socioeconomic conditions within the municipality</li> <li>• Limited mandate being a local Municipality</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Growth in a diversification of sectors, incl. manufacturing, agriculture and tourism</li> <li>• Savanna City</li> <li>• Opportunity to leverage the customer base of City of Johannesburg due to its close proximity</li> <li>• Large portion of undeveloped land</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Poor commercial perception</li> <li>• Continued financial stability</li> <li>• Slow economic growth</li> <li>• Internal capacitation</li> </ul>

## 2.10 Identification of priority Areas

Over the course of Chapter 2 insights have been identified with respect to the current municipal situation, which was captured in the Municipal Level SWOT presented in 2.9.

From this identification, several challenges have been derived, as overarching issues within the municipality which need to be addressed as part of the five-year strategy (Chapter 3), the details and alignment, with regard to the KPAs, are provided in **Table 8** and Figure 30 respectively.

In addition, potential opportunities have been identified to guide the resolution of these challenges:

**Table 7: Priority areas and opportunities**

Challenge	Opportunities
<b>Capacity &amp; Capabilities Shortfall</b>	<ul style="list-style-type: none"><li>• Capacitation</li><li>• Improve internal culture</li></ul>
<b>Poor Communication &amp; Perception</b>	<ul style="list-style-type: none"><li>• Improve marketing</li><li>• Effective and visible development plans</li><li>• Improve internal communication</li></ul>
<b>Limited Mandate</b>	<ul style="list-style-type: none"><li>• Improve Inter-Governmental Relations</li></ul>
<b>Socio-Economic Inequality</b>	<ul style="list-style-type: none"><li>• Introduce innovative mindset to deliver services</li><li>• Skills development</li><li>• Cross subsidization through growth</li></ul>
<b>Insufficient Funding &amp; Financing</b>	<ul style="list-style-type: none"><li>• Improve revenue collection</li><li>• Lobbying for additional funding</li><li>• Additional tariffs and fines</li></ul>
<b>Inefficient Processes &amp; Systems</b>	<ul style="list-style-type: none"><li>• Continuous Improvement</li><li>• Optimization of internal processes and systems</li></ul>
<b>Slow Economic Growth</b>	<ul style="list-style-type: none"><li>• Diversification in key sectors</li><li>• Partnering for growth</li><li>• Incentivisation efforts</li><li>• Employment opportunities</li></ul>

**Table 8 - Detailed current challenges**

Key Performance Area	Challenge	Detailed Challenge
<b>KPA 1: Good Governance &amp; Public Participation</b>	Poor Communication & Perception	Municipality is poorly perceived with respect to external stakeholders
		Municipality has limited successful internal and external communication
		The existing communication channels are not reaching their target communities
		Municipality lacks an integrated communication system
<b>KPA 2: Safety &amp; Environment</b>	Limited Mandate	Limited mandate with respect to maintaining a police force
		Limited mandate with respect to environmental protection
	Capacity & Capabilities Shortfall	Limited resources and infrastructure to combat pollution
<b>KPA 3: Social &amp; Community Development</b>	Poor Communication & Perception	Limited social and entertainment activities within Midvaal
	Socio-Economic Inequality	Disparity in living conditions between households within Midvaal
		Limited skills of youth in Midvaal
	Insufficient Funding & Financing	Insufficient land for building additional cemeteries
		Insufficient budget for Early Childhood Development initiatives
		Insufficient budget for GEYODI initiatives
<b>KPA 4: Institutional Transformation</b>	Capacity & Capabilities Shortfall	Lack of capacity and skills
		Staff accumulating excessive leave
	Inefficient Processes & Systems	Outdated internal technology and systems
		Inefficient internal processes for decision making, building plans, communications and procurement
	Poor Communication & Perception	Poor staff morale
		Municipality Expenses are growing faster than Revenue

<b>KPA 5: Financial Sustainability</b>	Insufficient Funding & Financing	Long external legal process with respect to debt collection Limited debt collection in certain areas of the municipality
	Capacity & Capabilities Shortfall	Limited resources to perform debt collection
<b>KPA 6: Physical Infrastructure &amp; Energy Efficiency</b>	Insufficient Funding & Financing	Limited financing for infrastructure build
		Limited service delivery enabling infrastructure in certain areas of the municipality
		Limited long-term planning with respect to infrastructure
		Security concerns around key infrastructure
<b>KPA 7: Services &amp; Customer Care</b>	Insufficient Funding & Financing	Limited service delivery enabling infrastructure to deliver customer service
		Disparity in service and service experience delivered to households within the municipality
<b>KPA 8: Economic Growth &amp; Development</b>	Slow Economic Growth	Rate of unemployment, specifically prevalent with respect to youth
		Lack of diversity in leveraging prevalent economic sectors
		Low labour absorption rate

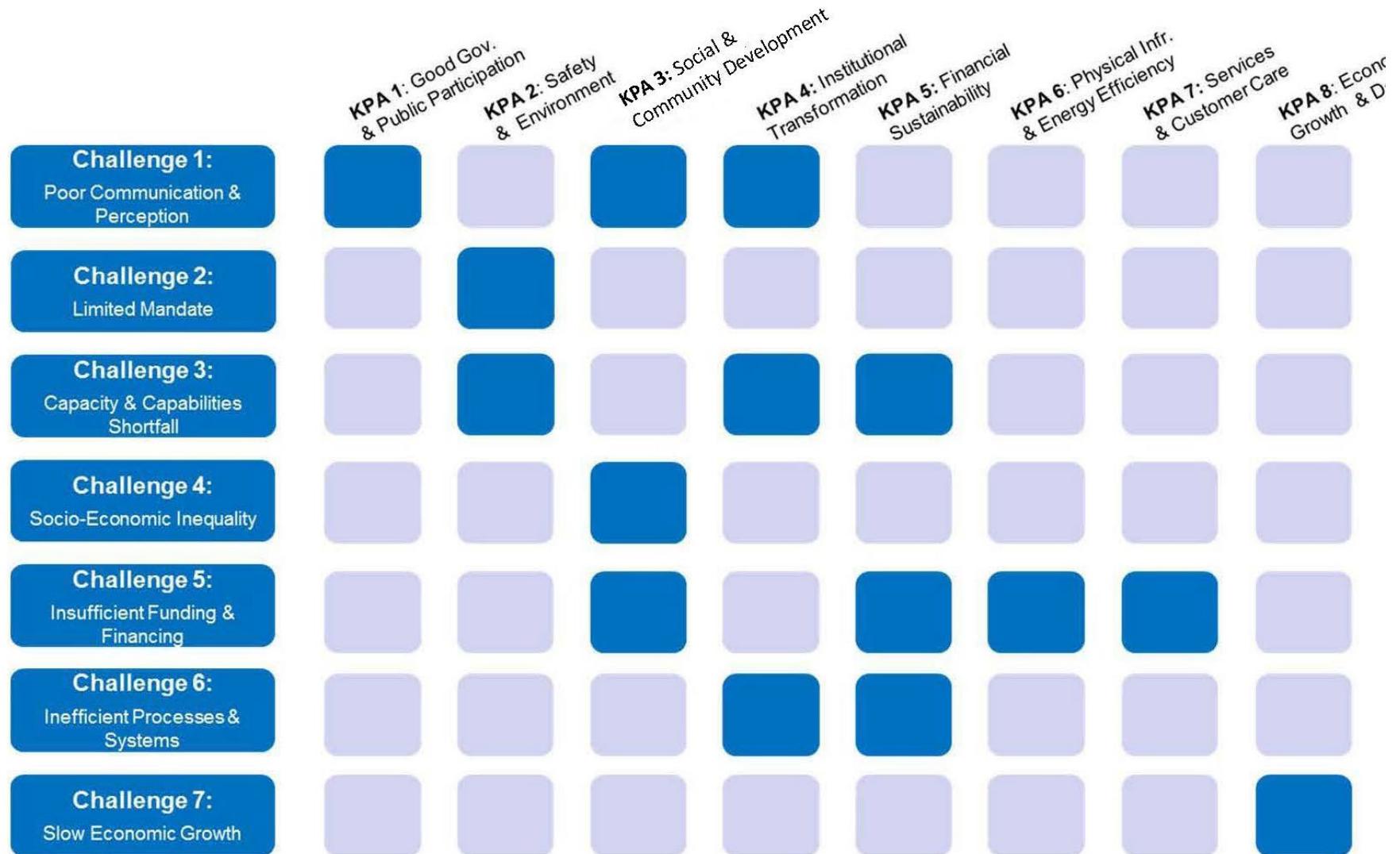


Figure 30 - Alignment of challenges with KPIs

## **3. Five Year Development Plan**

### **3.1 Introduction**

This chapter outlines Midvaal’s strategic intent and Key Performance Areas for the next five years. It aims to respond to some of the key issues and challenges highlighted in Chapter 2, as well as national policy imperatives outlined in Chapter 1.

### **3.2 Vision**

The municipality has performed considerably well over the last administrative period, winning the title of Gauteng’s top performing municipality in 2015 and achieving a clean audit, both for four consecutive years.

Significant emphasis has been placed on delivering services to those that are most in need, without neglecting those within well-established areas.

However, with the population continually growing, it’s becoming increasingly more difficult to meet the needs of our community, given a proportionally smaller increase in resources – the municipality is thus at a tipping point.

As a municipality, we are determined to ensure we continue to deliver above and beyond what is expected of us and overcome the challenges that are placed before us.

Through a process of vigorous communication, consultation and thought, we have embarked on a new journey as a municipality – one that is intended to lead us to an elevated future state for all.

A new end-state requires a revised vision to constantly give us something to strive and reach for. As an administration, we thought long and hard about what we want to achieve – a result that will truly bring about change – but also about what our role in that result is. Thus, the vision for the municipality for the next 5 years is:

**“To inclusively serve the needs of our community”**

### **3.3. Mission**

In order to execute on our vision, we need to supplement it with a set of actionable principles that guide us in our day-to-day operations.

What this effectively means is that a step change is required in our approach to enable us to increase our pool of resources, whilst subsequently learning how to do more with less.

Thus, given our vision, we needed to include within our principles, elements that spoke to a new and competitive approach, and the six promises that were made to the community, as per section 1.4. Our mission for the next 5 years is thus:

We strive daily to enrich the lives of our people by:

1. Adopting a mind-set of innovation to revolutionise the way we operate
2. Leveraging partnerships to realise our full potential

3. Driving sustainability within the local ecosystem
4. Growing the economy in Midvaal, premised on incubating entrepreneurship, socio-economic growth and environmental responsibility
5. Providing excellent and standardised service delivery for all
6. Prioritising the upliftment of our youth
7. Being an ethical and proactive local municipality
8. Elevating Midvaal to be the best and most attractive municipality in the country

### **3.4 Values**

Values reflect the core guidelines of the organization and following them ensures we remain on the right path. A customer-centric approach shapes the values of the Midvaal Local Municipality. This defines the character of the municipality and the foundation on which leadership and employees behave and conduct themselves and guide the way in which decisions are made. Furthermore, our change in approach requires for us to prioritise values that create a new behaviour within the municipality. Midvaal Local Municipality's values are as follows:

1. Ethical
2. Accessibility
3. Collaboration
4. Innovation
5. Sustainability
6. Excellence

### **3.5 Strategic Themes**

Given that we have adopted the six promises made to the community as our strategic goals for the next five years, it is necessary for us to adopt a concise strategic approach that provides a framework for the municipality to work within in achieving these promises through resolving the challenges referred to in Chapter 2 of this document.



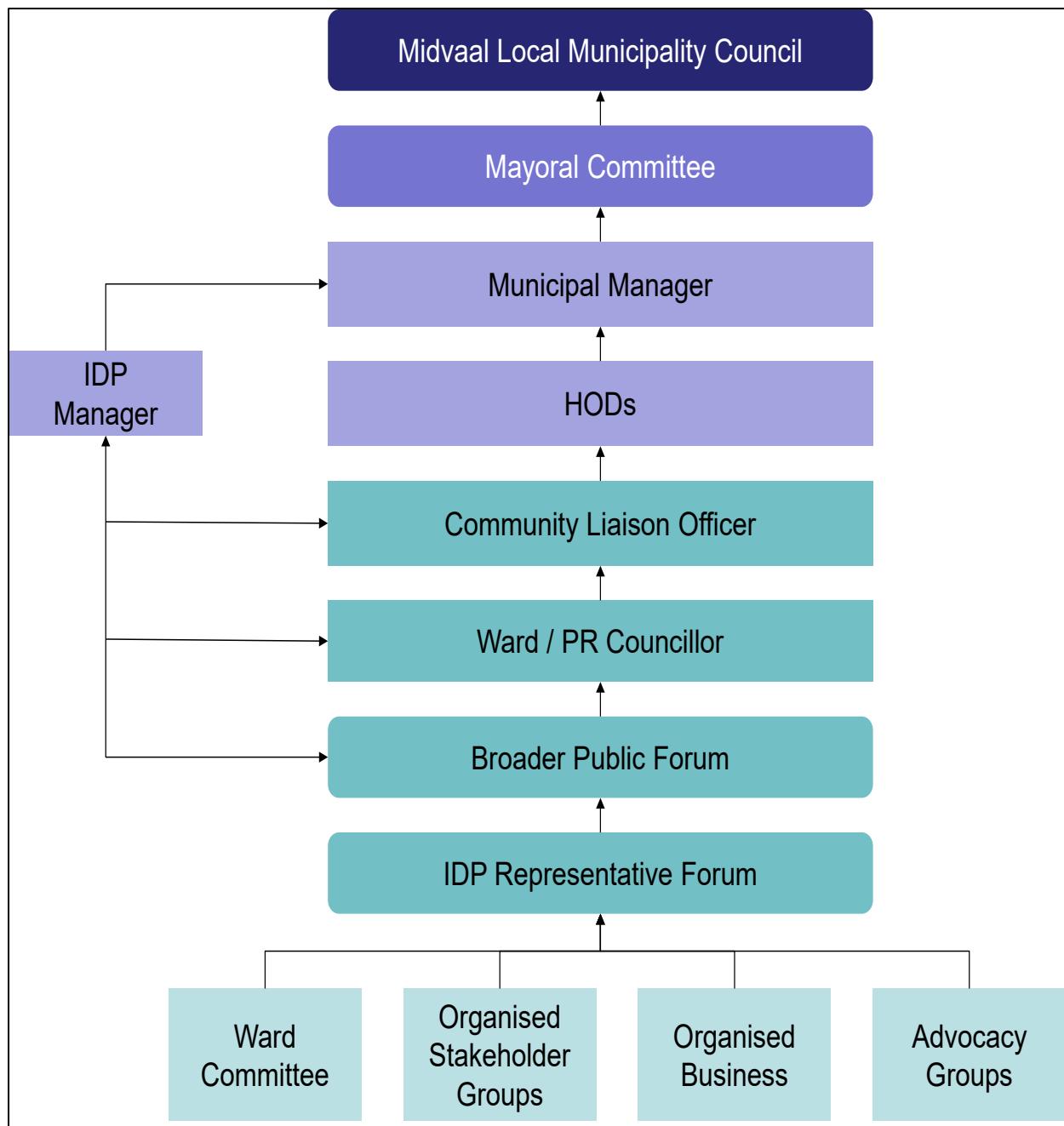
**Figure 31 – Strategic Themes**

The attainment of our goals is dependent on the delivery of projects across seven emergent strategic themes. The execution across the strategic themes identified allows for the resolution of the challenges highlighted. Furthermore, these strategic themes can be linked back to the promises made to the community. The relationship between the strategic themes, challenges and promises can be seen within Table 9 below.

**Table 9: Emergent strategic themes**

#	Strategic Theme	Description	Challenge(s) resolved	Promise(s) touch point
1	<b>Increase revenue</b>	Increasing the revenue position of Midvaal Local Municipality to ensure its financial sustainability, provide improved services and enable growth	<ul style="list-style-type: none"> <li>• Insufficient funding &amp; financing</li> <li>• Slow economic growth</li> <li>• Inefficient Processes &amp; Systems</li> <li>• Capabilities &amp; Capacities shortfall</li> </ul>	<ul style="list-style-type: none"> <li>• Quality and standardised service delivery</li> <li>• Grow the economy</li> </ul>
2	<b>Get the basics right</b>	Delivery of services through continuous improvement on our current processes and systems to ensure that we deliver on what is required of us	<ul style="list-style-type: none"> <li>• Socio-economic inequality</li> <li>• Inefficient processes &amp; systems</li> </ul>	<ul style="list-style-type: none"> <li>• Quality and standardised service delivery</li> </ul>
3	<b>Innovation in service delivery</b>	Innovating the way we approach challenges and how we operate to enable us to do more with less	<ul style="list-style-type: none"> <li>• Socio-economic inequality</li> </ul>	<ul style="list-style-type: none"> <li>• Quality and standardised service delivery</li> </ul>
4	<b>Strategic partnerships and incentives</b>	Forming strategic alliances with commercial and non-commercial entities, improving inter-governmental relations and working together with the community to increase resources available to the municipality to create change	<ul style="list-style-type: none"> <li>• Slow economic growth</li> <li>• Poor communication &amp; perception</li> <li>• Insufficient funding &amp; finance</li> </ul>	<ul style="list-style-type: none"> <li>• Grow the economy</li> <li>• Safe communities and environment</li> <li>• To be youth biased</li> </ul>
5	<b>Marketing and communication</b>	Improving communication with the community, other governmental departments, and internally within the municipal administration, whilst also elevating the perception of Midvaal within the broader economy	<ul style="list-style-type: none"> <li>• Poor communication &amp; perception</li> <li>• Slow economic growth</li> <li>• Limited mandate</li> </ul>	<ul style="list-style-type: none"> <li>• Open, honest, transparent and responsive government</li> <li>• Grow the economy</li> <li>• Safe communities and environment</li> </ul>
6	<b>Youth bias &amp; entrepreneurship</b>	Aggressively creating an enabling environment for youth to thrive and to breed a culture of entrepreneurship	<ul style="list-style-type: none"> <li>• Socio-economic growth</li> <li>• Socio-economic inequality</li> </ul>	<ul style="list-style-type: none"> <li>• To be youth biased</li> <li>• Grow the economy</li> </ul>
7	<b>Internal enablement</b>	Improving the municipality's ability to deliver on the 6 promises through by resolving challenges hampering its progress	<ul style="list-style-type: none"> <li>• Capabilities &amp; Capacities shortfall</li> <li>• Inefficient processes &amp; systems</li> <li>• Poor communication &amp; perception</li> </ul>	<ul style="list-style-type: none"> <li>• Open, honest, transparent and responsive government</li> <li>• Quality and standardised service delivery</li> <li>• Grow the economy</li> </ul>

### 3.6 Governance Structure



**Figure 32: Midvaal Governance Structure**

### 3.7 Council Structure

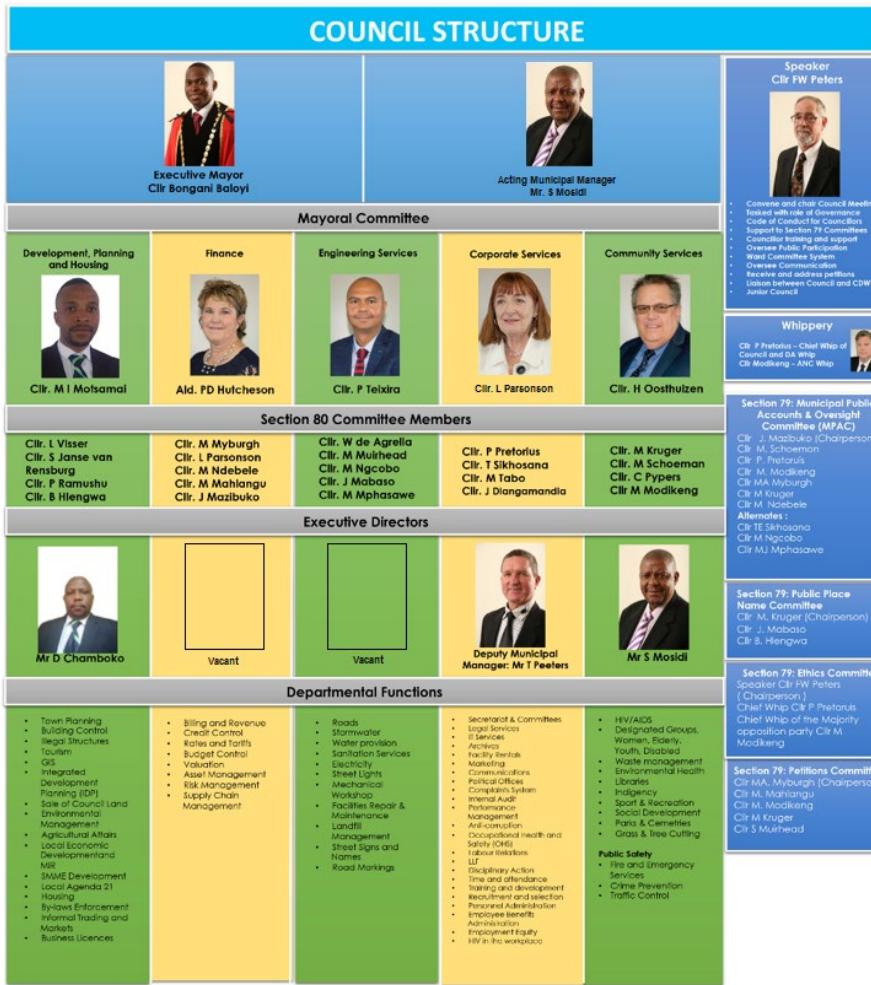


Figure 33: Midvaal Council Structure

### 3.8 Performance Framework

**Table 10: Performance Framework Summary**

KPA	KPA Definition	KFA	KFA Definition	Driver
<b>KPA 1: Good Governance &amp; Public Participation</b>	To promote increased participation and improved communication with all key internal and external stakeholders	KFA 1: Governance Structures	To promote sound and sustainable governance	CORP
		KFA 2: Stakeholder Participation	To increase active stakeholder participation	CORP, Mayor
		KFA 3: Inter-Governmental Relations	To improve inter-governmental relations	MM
		KFA 4: Communications	To improve internal & external communication to enhance the perception of the municipality	CORP, DP
<b>KPA 2: Safety &amp; Environment</b>	To create a sustainable environment safe from harm	KFA 5: Safety & Security	To improve the safety of the community both on the roads and in the suburbs	COMM
		KFA 6: Emergency Services	To ensure adequate prevention measures as well as prompt response to emergencies	COMM
<b>KPA 3: Social &amp; Community Development</b>	To create an environment focussed on uplifting the youth, the poor and the most vulnerable	KFA 7: Sport and Recreation Programmes & Facilities, including Parks & Open Space	To create an ecosystem of sports and recreation activities	COMM
		KFA 8: Libraries, Arts Culture and Special Programmes	To promote the development of cultural and social programs to uplift the community	COMM, Mayors Off.
<b>KPA 4: Institutional Transformation</b>	To transform and align the people, processes and systems of the municipality to achieve its objectives	KFA 9: Human Capital & Skills Development	To ensure adequate internal capacity and capability to deliver on the municipalities objectives	CORP, Mayor
		KFA 10: Performance Management	To develop and implement an effective and efficient performance management system	MM
		KFA 11: Systems & Technology	To enhance systems and technology to enable the municipality to deliver excellent customer experience	CORP
		KFA 12: Policies, Processes & Procedures	To write and review processes and procedures to ensure the objectives of the municipality are achieved.	CORP, ES, Mayor
<b>KPA 5: Financial Sustainability</b>	To improve the financial sustainability and capacity of the municipality, whilst	KFA 13: Financial Management	To manage the finances of the municipality in a manner that will enhance its financial viability and maintain sustainability	FIN
		KFA 14: Revenue Management	To protect and enhance revenue position of the position to enable the objectives of the municipality	FIN, Strategic

	adhering to statutory requirements	KFA 15: Supply Chain Management	To develop and maintain an effective supply chain which uplifts local business and youth.	FIN
		KFA 16: Asset Management	To adequately maintain the assets of the municipality	FIN
<b>KPA 6: Physical Infrastructure &amp; Energy Efficiency</b>	To ensure efficient infrastructure and energy supply that will improve the quality of life of the community	KFA 17: Electricity & Energy Efficiency	To plan, construct and maintain electricity networks and to improve energy efficiency	ES
		KFA 18: Roads & Storm-water Infrastructure	To plan, construct and maintain roads and storm-water infrastructure	ES
		KFA 19: Water & Sanitation Infrastructure	To plan, construct and maintain water and sanitation infrastructure	ES
		KFA 20: Landfill Sites & Transfer Stations	To plan, construct and maintain landfill sites and transfer stations	ES
		KFA 21: Municipal & Public Facilities	To plan, construct and maintain municipal and public facilities	ES
<b>KPA 7: Services &amp; Customer Care</b>	To deliver inclusive and excellent services to the community	KFA 22: Water & Sanitation	To provide sustainable, reliable and affordable water and sanitation services to all residents	ES
		KFA 23: Electricity	To provide sustainable, reliable and affordable electricity to all residents	ES
		KFA 24: Cleansing & Waste Management	To provide sustainable, reliable and affordable waste disposal services to all residents	COMM
<b>KPA 8: Economic Growth &amp; Development</b>	To facilitate sustainable economic empowerment for all communities within Midvaal and through the development of partnerships and innovation	KFA 25: LED & Capacity Building	To facilitate and promote local economic growth	DP
		KFA 26: Spatial & Dev. Plan	To develop an effective spatial framework to promote development in the municipality, focussed on enabling and aligning development objectives	DP

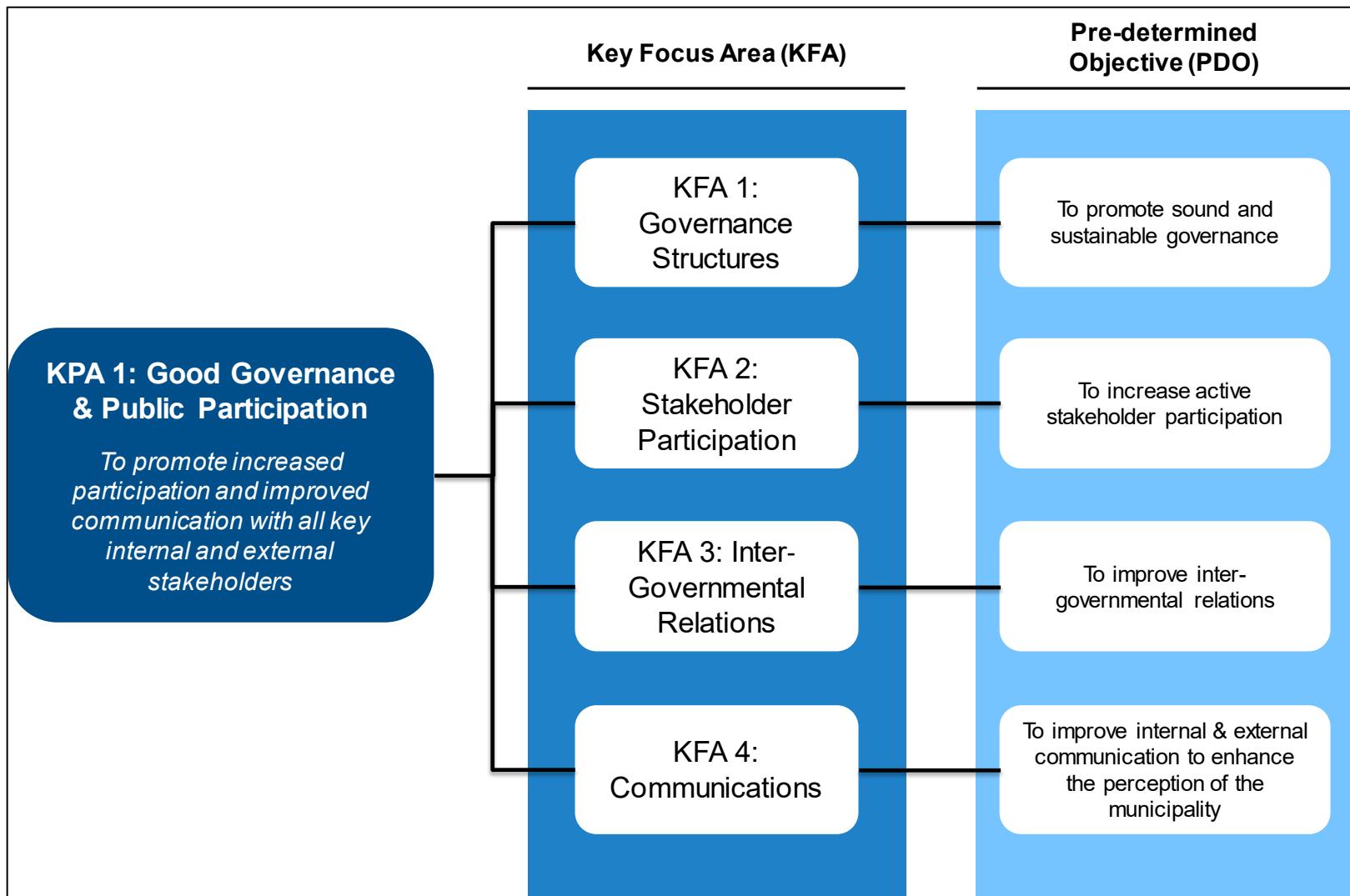
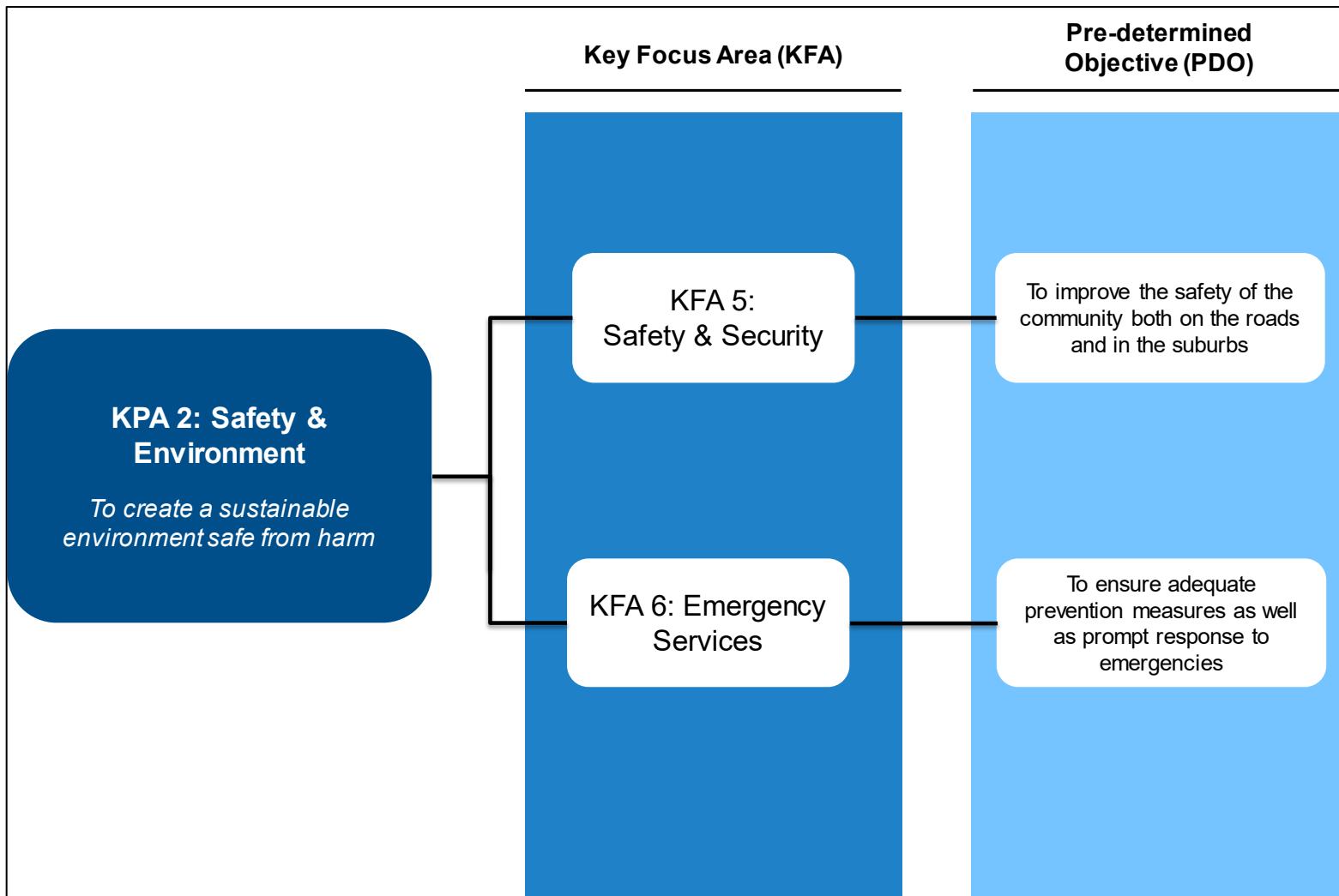
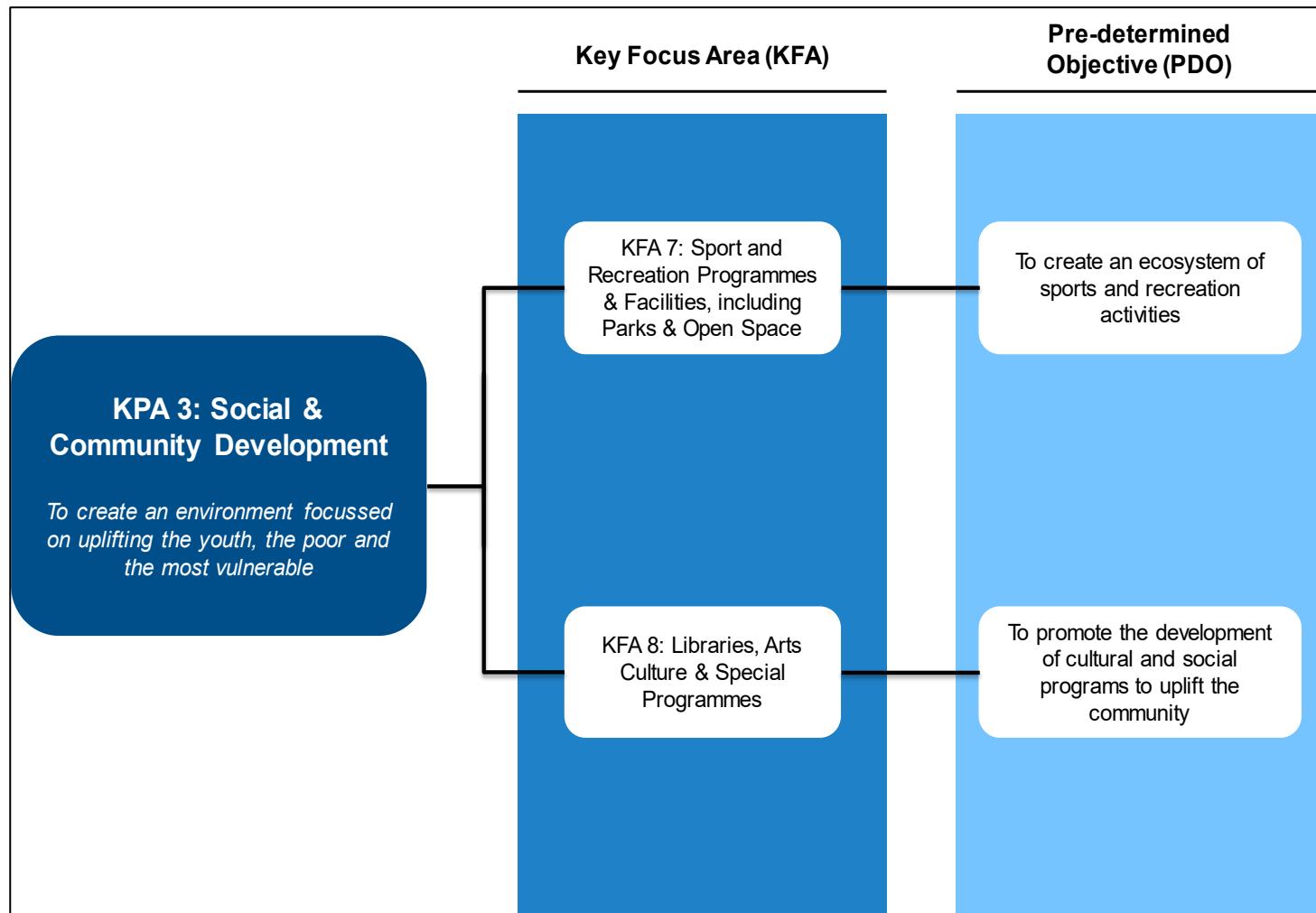


Figure 34 - KPA 1 Schematic



**Figure 35 - KPA 2 Schematic**



**Figure 36 - KPA 3 Schematic**

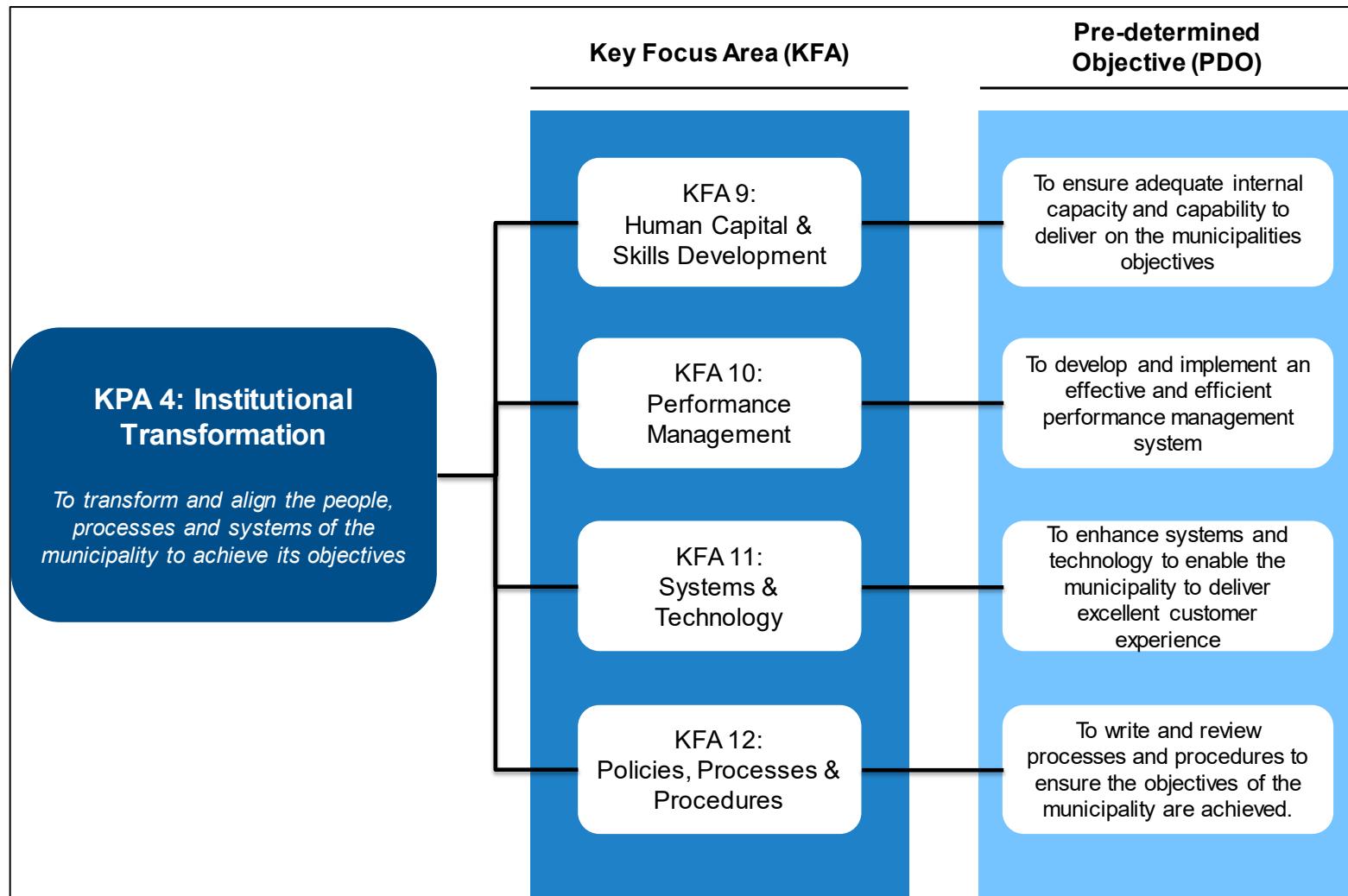


Figure 77 - KPA 4 Schematic

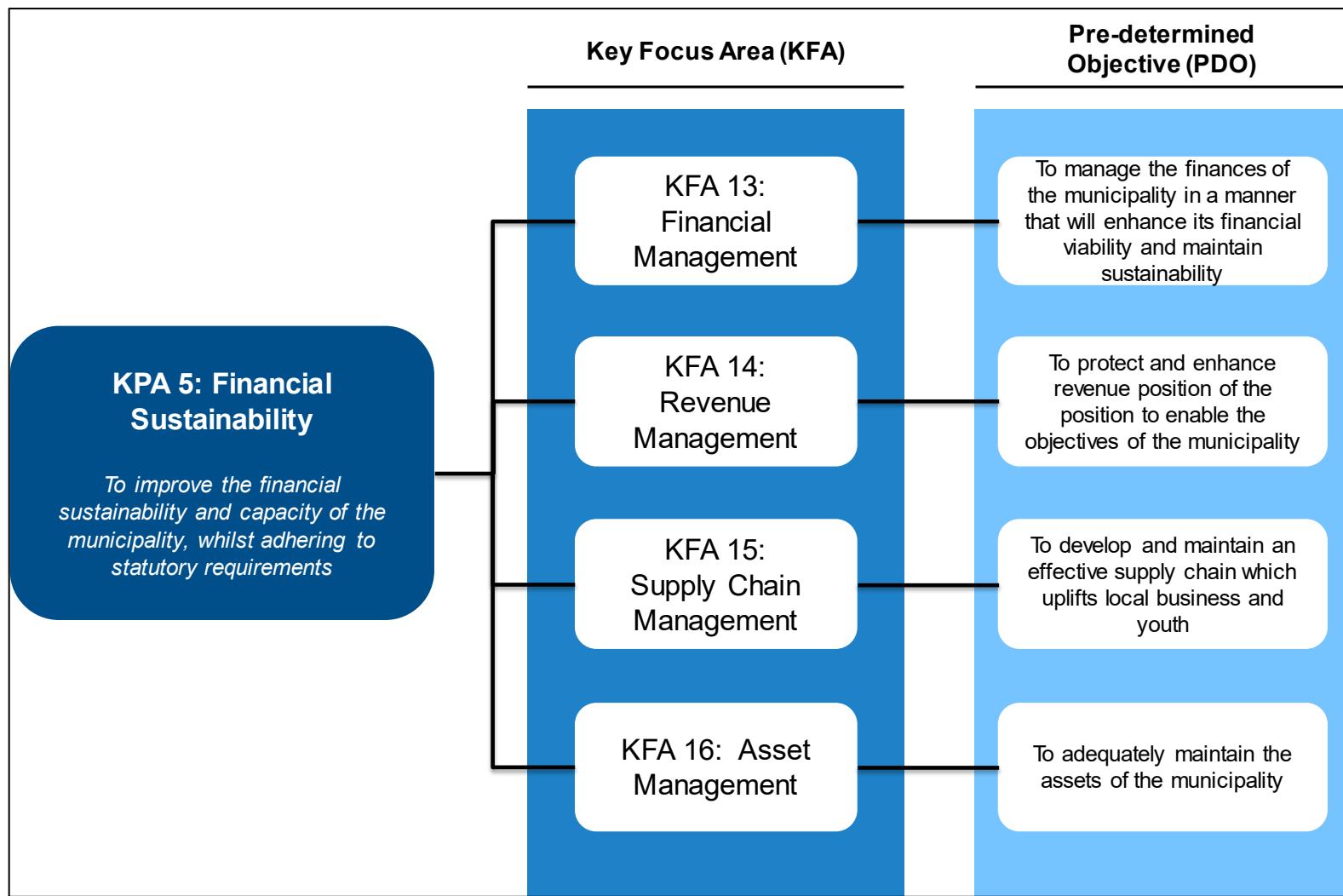
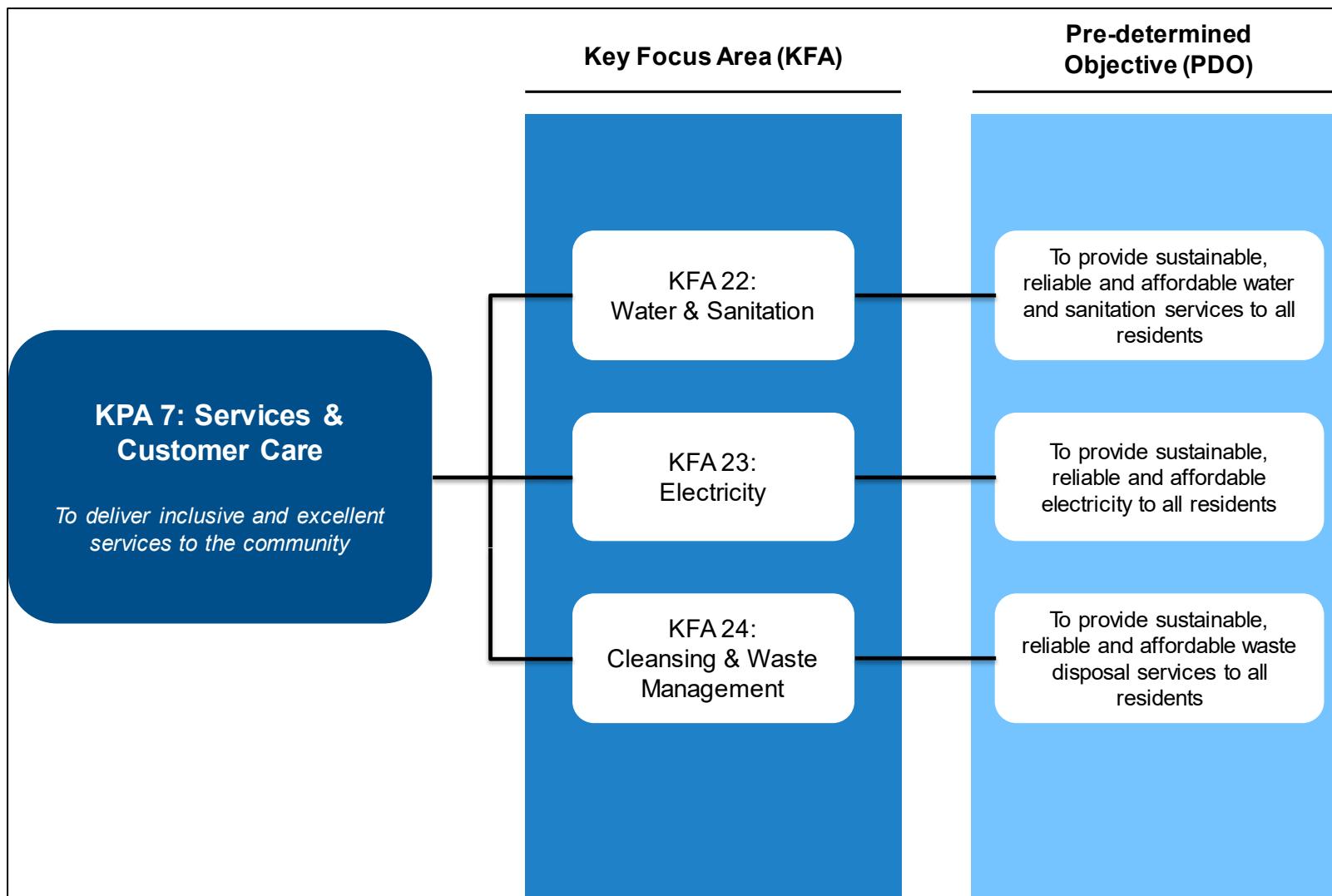


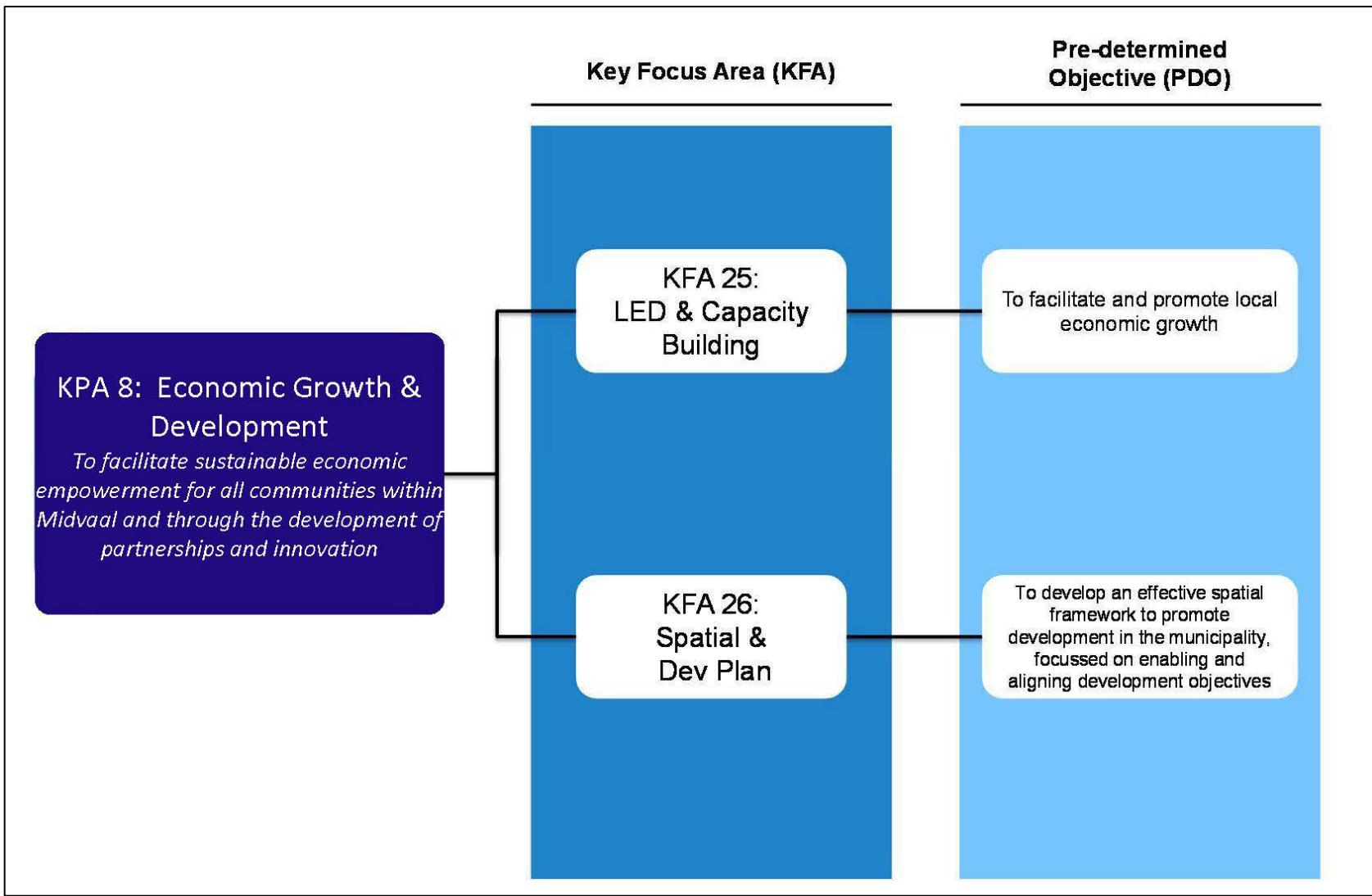
Figure 38 - KPA 5 Schematic

Key Focus Area (KFA)	Pre-determined Objective (PDO)
KFA 17: Electricity & Energy Efficiency	To plan, construct and maintain electricity networks and to improve energy efficiency
KFA 18: Roads & Storm-water Infrastructure	To increase active To plan, construct and maintain roads and storm-water infrastructure
KFA 19: Water & Sanitation Infrastructure	To plan, construct and maintain water and sanitation infrastructure
KFA 20: Landfill Sites & Transfer Stations	To plan, construct and maintain landfill sites and transfer stations
KFA 21: Municipal & Public Facilities	To plan, construct and maintain municipal and public facilities

**Figure 39 - KPA 6 Schematic**



**Figure 40 - KPA 7 Schematic**



**Figure 41 - KPA 8 Schematic**

## **4. Support Plans**

### **4.1. Financial Plan (Update to be included in Final document)**

#### **4.1.1 Introduction**

The purpose of this chapter is to outline a comprehensive multi-year financial plan that will ensure long-term financial sustainability for Midvaal. The financial plan is essential to ensure that the municipality continues to implement its mandate effectively without impairing its capital base and to move towards self-sufficiency in meeting the growing demands of service delivery.

The multi-year financial plan is prepared for a planning period of five years, paying particular attention to infrastructure investment which is an important developmental component of the IDP. Through this plan Midvaal will focus on greater financial health and sustainability making collaboration of capital investment projects with other levels of government and private sector investors much easier. It is of utmost importance that Midvaal stimulates the macro-economic environment to attract the private sector to investment in Midvaal. Through this approach Midvaal will enhance its ability to have access to much needed financial resources to invest in new as well as to maintain its current infrastructure assets.

This plan will also focus on the expansion of Midvaal's revenue sources in relation to its costs to ensure that the municipality stays a financial viable and sustainable going concern. Midvaal must utilise available financial resources in an effective, efficient and economical way to ensure that outputs have the desired outcomes as set out in Chapter 3 of the IDP. The financial strategies detailed in this plan must contribute to the achievement of these objectives.

It is important to note that this multi-year financial plan will cover key focus areas over the next five years and even longer. However, due to the fact that budgets in terms of National Treasury's Municipal Budget and Reporting Regulations only covers a planning period of the next financial year and the two outer financial years thereafter; budget information supplied in this chapter will only cover the next three financial years.

A discussion will now follow on key focus areas consisting of a financial framework, financial strategies, financial policies, budget assumptions, operating revenue, operating expenditure, capital expenditure, capital expenditure funding and a concluding statement.

#### **4.1.2 Financial Framework**

It must be noted that not all municipalities are the same and this should be kept in mind when assessing the financial health of and the setting of benchmarks for a municipality. A municipality can be categorised into a developed or a developing municipality. Midvaal can be categorised as a developing or growing municipality.

Developing municipalities will require significant additional resources and funding to conduct the growth that is expected of them. With the demands for growth come risks that need to be managed. The priority from the financial perspective is the viability and sustainability of the municipality. This financial plan and related strategies will need to address a number of key areas in order to achieve this goal. The areas which have been identified are detailed below.

#### **4.1.2.1 Revenue adequacy and certainty**

It is essential that Midvaal has access to adequate sources of revenue from its own operations and intergovernmental transfers to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of certainty with regard to the source, amount and timing of revenue. The 2020 DORA has laid out the level of funding from National Government that will be received for the 2020/2021 to 2022/2023 financial years and these amounts have been included in the budget. The Provincial Gazette has not been received at the time of tabling of the IDP and Budget and as such estimates were used.

It is important to track the respective sources of revenue received by the municipality as they can be quite different and can vary substantially depending upon the phase that the municipality is in. Knowledge of the sources of funds will illustrate the municipality's position more accurately, its ability to secure loans relative to its income and its borrowing capacity.

#### **4.1.2.2 Cash / liquidity position**

Cash and cash management is vital for the short- and long-term survival and good management of any organisation. This is also the case with Midvaal. The appropriate benchmarks (formulas aligned to National Treasury MFMA Circular 71) which can assist in assessing the financial health of the municipality are:

- The **current ratio**, which expresses the current assets as a proportion to current liabilities. A current ratio in excess of one to one (1:1) is considered to be healthy.

The annual liquidity ratio was as follows for the previous years:

30 June 2014	1.75:1
30 June 2015	1.80:1
30 June 2016	1.70:1
30 June 2017	2.09:1
30 June 2018	2.32:1
30 June 2019	2.18:1
30 June 2020 (projected)	2.29:1

These improved liquidity levels are the result of a revised cash management strategy implemented in the last budget cycles. The operating budget needs to produce yearly operating surpluses to improve our cash back reserves position and all collectable revenue needs to be collected on an ongoing basis.

The target for the next five years is to have a liquidity ratio of at least 2:1 at the end of each financial year.

- Debtor's turnover ratio (net debtors), which have a great impact on the liquidity of the Municipality. This ratio measures the time it takes the municipality to recover its outstanding debts.

The debtor's turnover ratio was as follows for the previous years:

30 June 2013	64 days
30 June 2014	70 days
30 June 2015	67 days
30 June 2016	55 days (reduction due to increased provision for bad debt due to indigent policy change)
30 June 2017	57 days
30 June 2018	58 days
30 June 2019	67 days
30 June 2020 (projected)	77 days

Midvaal will attempt to maintain the debtor's turnover ratio to less than 60 days over the medium term to long-term.

- The collection rate has a great impact on the liquidity of the municipality, and has been averaging at 93% in the past. Due to the current economic climate, it is anticipated that the collection rate will remain under pressure for the MTREF period.

30 June 2013	94%
30 June 2014	92%
30 June 2015	93%
30 June 2016	93%
30 June 2017	94%
30 June 2018	93%
30 June 2019	94%
30 June 2020 (projected)	94%

Collection rates are under pressure as the increasing tariffs and the cost of services become more unaffordable to households. It is expected that the collection rate will remain in excess of 94% over the medium term. All debt older than 90 days have been provided for. The non-collectable portion are provided for in the operating budget as a debt impairment expense.

#### **4.1.2.3 Sustainability**

Midvaal ensures that its budget is fully funded. As there are limits on revenue, it is necessary to ensure that services are provided at levels that are affordable; and, that the full costs of service delivery are recovered. However, to ensure that households which are too poor to pay for even a portion of their basic services at least have access to these basic services; there is a need for the subsidisation of these households through an indigent support subsidy.

#### **4.1.2.4 Effective and efficient use of resources**

In an environment of limited resources, it is essential that the municipality make maximum use of the resources at its disposal by using them in an effective and efficient manner. Efficiency in operations and investment increases poor people's access to basic services as more services can be rendered with the scarce resources. For this reason, the operating budget is compiled without including any fat in the budget – only absolutely necessary allocations are given consideration.

#### **4.1.2.5 Accountability, transparency and good governance**

The municipality is accountable to the people who provide the resources, for what they do with these resources. The budgeting process and other financial decisions are thus open to public scrutiny and participation. In addition, the accounting and financial reporting procedures are designed so that it minimises opportunities for corruption. In addition, accurate financial information is produced within acceptable time-frames.

#### **4.1.2.6 Equity and redistribution**

The municipality must treat people fairly and justly when it comes to the provision of services. In the same way the municipality should be treated equitably by national and provincial government when it comes to inter-governmental transfers. The "equitable share" from national government will be used primarily for targeted subsidies to indigent households. In addition, the municipality will continue to cross-subsidise between high- and low-income consumers within a specific service or between services. Unfunded mandates remain a financial burden to Midvaal's customer base due to national and provincial transfers not following the functions that Midvaal perform on behalf of government.

#### **4.1.2.7 Development and investment**

In order to deal effectively with backlogs in services, there is a need for the municipality to maximise its investment in municipal infrastructure. Due to our financial constraints the underlying policies encourage the maximum degree of private sector investment.

#### **4.1.2.8 Macro-economic investment**

As the municipality plays a significant role in the economy of Gauteng, it is essential that it operates efficiently within the national and provincial macro-economic framework. Midvaal's financial and developmental activities should therefore support national and provincial fiscal policy.

#### **4.1.2.9 Borrowing**

The strong capital market in South Africa (commercial banks and other lending institutions like the DBSA, etc.) provides an additional instrument to access financial resources. However, the municipality may not borrow to balance its operating budget and to finance any operating expenditure. Midvaal has a borrowing policy in place that ensures the municipality borrows in a responsible way. In order to have access to this market, the municipality will

continue to maintain accurate and appropriate financial accounting and reporting systems. We will have to ensure that we generate enough cash to honour repayment commitments.

The manner in which the municipality manages debt or takes on new debt to finance investment activities will have a significant impact on the solvency and long-term viability of the municipality. Midvaal aims at a maximum borrowing level of external loans that will not exceed 40% of the total operating revenue over the short- and medium term. New borrowings are recommended for the 2020/2021 financial year as well as the outer years of the budget. The borrowings will be used to finance new infrastructure as well as new operational vehicles.

#### **4.1.3 Financial Strategies**

With the above framework as a background, strategies and programmes have been identified and form part of the financial plan to achieve the desired objective and that is the financial viability and sustainability of the municipality.

##### **4.1.3.1 Revenue raising strategies**

The following are some of the more significant programmes that have been identified:

- a) The annual review and implementation of the credit control and debt collection policy. This policy and the relevant procedures detail all areas of customer care, credit control and debt collection of amounts billed to customers, including procedures for non-payment, etc.
- b) The annual review and maintenance of a uniform tariff policy. This policy will ensure that fair tariffs are charged in a uniform manner throughout the municipal area.
- c) The annual review and maintenance of an indigent policy. This policy defines the qualification criteria for an indigent household and the level of free basic services enjoyed by indigent households.
- d) The annual review and maintenance of a property rates policy. This will ensure that a fair rates policy and an updated valuation roll are applied to the entire municipal area and will aim to ensure that all properties are included in the municipality's records. Furthermore, the policy will ensure that valuations are systematically carried out on a regular basis for all properties. It must be noted that the valuation roll has been implemented as from 1 July 2018 and will be valid until 30 June 2023.
- e) The writing-off of irrecoverable debt. Prescribed debt will be considered for write off on an annual basis.

##### **4.1.3.2 Asset management strategies and programmes**

The following are some of the more significant programmes that have been identified:

- a) The ongoing maintenance of an integrated asset management system. This programme involves the ongoing updating of a suitable integrated asset management system. It also includes the capturing of all assets onto the system, the maintenance of this system and the production of a complete asset register in terms of the GRAP Accounting Standards requirements.
- b) The review and update of asset and risk insurance procedures and the renewal of the insurance portfolio. This programme will involve the identification of risks in conjunction with insurers and all heads of departments. It will also include the review

of the existing insurance portfolio (inclusive of self-insurance where appropriate) and the renewal of the insurance policy as per renewal terms.

#### **4.1.3.3 Financial management strategies and programmes**

The following are some of the more significant programmes that have been identified:

- a) The implementation of the MFMA Regulations – Municipal Standard Chart of Accounts (mSCOA) was implemented on 1 July 2017. The municipality is in compliance with the mSCOA Regulations, but ongoing improvements to the systems are done on an annual basis.
- b) The annual review of the entire organogram of Finance Department, ensuring adequate capacity exist to optimise service delivery.
- c) Integration of all computerised systems and acquisition of hardware and software required. The integration of computerised systems and acquisition of the required hardware and software within the municipality to ensure that information is accurate, relevant and prompt, which in turn will facilitate the smooth running and effective management of the municipality. This is done in compliance with the mSCOA Regulations.
- d) Development of a GRAP compliant Medium-Term Revenue and Expenditure Framework compliant with National Treasury's Municipal Budget and Reporting Regulations.
- e) Implementation of integrated development planning and budgeting using community consultation processes.
- f) Reviewing and updating of asset, budget and accounting policies and procedures.
- g) Training and development of financial and other staff. The aim of this project will be to constantly ensure that the financial and other staff members receive the training they require to ensure a cost-effective and efficient service to the municipality and its customers and to ensure full compliance with the MFMA Regulations on Minimum Competency Levels.
- h) Enhancing budgetary controls and timeliness of financial data. Building the capacity of the Budget and Treasury Office to ensure that financial information for reporting purposes is generated timeously. It will also include the monitoring and reporting on budget variances.

#### **4.1.3.4 Capital financing strategies and programmes**

The following are some of the more significant programmes that have been identified:

- a) The annual review and implementation of a borrowing policy. This policy will ensure that any borrowings taken by the municipality will be done in a responsible manner and that the repayment and servicing of such debt will be affordable.
- b) The annual review and implementation of a policy on donor funding.
- c) The development of a capital investment framework.

#### **4.1.4 Financial Policies**

##### **4.1.4.1 General financial philosophy**

The financial philosophy of Midvaal is to provide a sound financial base and the resources necessary to sustain a satisfactory level of municipal services for the citizens of Midvaal.

It is the goal of the municipality to achieve a strong financial position with the ability to withstand local and regional economic impacts; to adjust efficiently to the community's changing service requirements; to effectively maintain, improve and expand the municipality's infrastructure; to manage the municipality's budget and cash flow to the maximum benefit of the community; to prudently plan, coordinate and implement responsible and sustainable community development and growth; and to provide a high level of fire and other protective services to assure public health and safety.

Based on the financial framework, financial strategies and the general financial philosophy statement, the municipality have to develop financial policies that support the above. Midvaal's financial policies shall also address the following fiscal goals:

- a) To keep the municipality in a fiscally sound position in both the long and short term;
- b) To maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- c) To apply credit control policies which maximise collection while providing relief to the indigent;
- d) To implement credit control policies that recognise the basic policy of customer care and convenience;
- e) To maintain and protect existing infrastructure and capital assets;
- f) To provide a framework for the prudent use of debt financing; and,
- g) To direct the municipality's financial resources toward meeting the goals of the municipality's Integrated Development Plan.

#### **4.1.4.2 Budget related policies**

The annual budget is the central financial planning document, directed by the IDP that embodies all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The budget will be subject to monthly control and be reported to Council with recommendations of actions to be taken to achieve the budget goals. The budget will be subject to a mid-year review, which will result in an Adjustments Budget if required.

Adequate maintenance and replacement of the municipality's assets (property, plant and equipment) will be provided for in the annual budget. It will be informed by Council's Asset Management Policy. The municipality will aim to achieve a target of allocating 10% of the operating budget to repairs and maintenance over the next five-year period.

The budget shall balance recurring cash operating expenses to recurring cash operating revenues. The budget will have revenue plans based on realistically expected revenue to be collected and expenditure figures. Plans will be included to achieve maximum revenue collection percentages. More about this when the revenue raising policies are discussed in paragraph 4.1.4.4 below.

#### **4.1.4.3 Capital infrastructure investment policies**

The municipality will establish and implement a comprehensive three-year capital budget. This budget will be updated annually to ensure that bulk infrastructure services and internal infrastructure services together with the foreseen funding sources are planned in an integrated and coordinated manner.

An annual capital investment budget will be developed and adopted by Midvaal as part of the annual budget. The municipality make all capital improvements in accordance with the IDP. Midvaal also has a Developer Contribution Policy aimed to generate additional funding from developers to assist in the upgrading of bulk infrastructure services.

Un-expensed capital project budgets shall not be carried forward to future fiscal years unless the project expenditure is committed or funded from grant funding and approved external loans and all relevant approvals have been obtained. Routine capital needs will be financed from current revenues (Capital Replacement Reserve) as opposed to the issuance of long-term debt. The municipality will maintain all assets at a level adequate to protect the municipality's capital investment and to minimise future maintenance and replacement costs.

#### **4.1.4.4 Revenue policies**

The municipality will estimate annual revenues through a conservative, objective and analytical process based on realistically expected revenue to be collected. The municipality will consider market rates and charges levied by other public and private organisations for similar services in establishing rates, fees and charges. Midvaal will set fees and user charges at a level that fully supports the total direct and indirect costs of operations. Tariffs will be set to reflect the developmental and social policies of Council. These principles will be embedded in a Tariff Policy that will be updated on an annual basis.

Midvaal will maintain a valuation system based on market values of all properties within its boundaries as well as periodically review the cost of activities supported by user fees to determine the impact of inflation and other cost increases. The valuation roll will be reviewed every 5 years. Fees will be adjusted where appropriate to reflect these increases. These principles and the raising of property rates are contained in the Property Rates Policy.

The municipality will continue to identify and pursue grants and appropriations from province, central government and other agencies that are consistent with the municipality's goals and strategic plan and to eradicate unfunded mandates.

#### **4.1.4.5 Credit control policies and procedures**

Midvaal will follow an aggressive policy of collecting revenues from those who can afford to pay for their services. For this purpose, a Credit Control and Debt Collection Policy has been adopted by Council. As the recoverability of all outstanding debt is questionable, the writing off of prescribed debt are considered by Council on an annual basis.

#### **4.1.4.6 Supply chain management**

The Supply Chain Management Policy will ensure that goods and services are procured compliant with legislative requirements in a fair, equitable, transparent, competitive and cost-effective way. It includes the disposal of goods or assets not needed anymore for basic service delivery and it must be read in conjunction with Council's Disposal of Assets Policy.

#### **4.1.4.7 Investment policy**

In terms of Section 13(2) of the Municipal Finance Management Act each municipality must establish an appropriate and effective cash management and investment policy. Investments of the municipality shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The portfolio shall remain sufficiently liquid to enable the municipality to meet daily cash flow demands and conform to all state and local requirements governing the investment of public funds. The preservation of principal is the foremost objective of the investment program. Midvaal will continue the current cash management and investment practices, which are designed to emphasise safety of capital first, sufficient liquidity to meet obligations second, and the highest possible yield third. These principles are embedded in the Cash Management and Investment Policies of Council.

#### **4.1.4.8 Debt management policies**

Midvaal shall issue debt only when necessary to meet a public need and when funding for such capital projects is not available from current revenues, reserves or other sources. Long-term borrowing will be used to finance capital improvements as approved in the municipality's Capital Budget. Capital projects financed through the issuance of debt shall be financed for a period not exceeding the expected useful life of the project. The municipality will not incur debt to finance current operations. Lease-purchase obligations, capital outlay notes or other debt instruments may be used as a medium-term method of borrowing for the financing of vehicles, computers, other specialised types of equipment, or other capital improvements. All these principles are embedded in the Borrowing Policy of Council.

Borrowing should be limited to 40% of the total operating budget rand value. If not, the municipality will become over-borrowed and a risk to banking institutions and this will result in loans over shorter terms and at higher interest rates. This would not be fair to the current customer base.

#### **4.1.4.9 Asset management policies**

The objective of the asset management policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment (PPE), which are immoveable and moveable assets of Midvaal, and, computer software as well as servitudes which are intangible assets of Midvaal Local Municipality. The principles and policy statements are embedded in the Asset Management Policy of Council.

#### **4.1.4.10 Accounting policies**

The principals on which Midvaal operate with regard to the presentation, treatment and disclosure of financial information forms part of the Accounting Policy adopted in the compiled annual financial statements.

### **4.1.5 Budget Assumptions**

Based on the financial framework, financial strategies and financial policies the MTREF budget was compiled. Key assumptions relating to the MTREF budget also included the following:

- a) National government grants for the years 2020/21 to 2022/23 are as per the Division of Revenue Act (DoRA) promulgated in 2020.
- b) Provincial government grants for the years 2020/21 to 2022/23 have not yet been promulgated in the Provincial Gazettes and as such estimates have been used.
- c) Inflation has been estimated in line with NT Budget Circular 99, with the CPI projected to be 5.2% in 2020/2021 and 5.4% for the two outer years.
- d) The salary bill cost-of-living increase budgeted for 2020/21 amounts to 6.25% (CPI + 1.05%) with CPI plus 1.25% increases for the next two indicative years (estimated at 6%).
- e) Bulk electricity purchases increased with 15.6% for the 2020/21 financial year and projected at 8.1% and 5.2% for the next two indicative years. These increases are still subject to final NERSA announcements of the bulk increase to municipalities.
- f) Bulk water purchases increased with 6.6% for the 2020/21 financial year. A 8.5% and 8.2% increase was estimated for the 2021/22 and 2022/23 financial years respectively.
- g) A tariff increase of 10% for property rates has been budgeted for the 2020/21 financial year with 10% and 7% for the two outer years.
- h) Electricity tariffs will increase with 14% for the 2020/21 financial year. Increases of 8.1% and 5.2% has been budgeted for the next two financial years. These increases are subject to final NERSA approval.
- i) Water tariffs increase with 7% for the 2020/21 financial year and a projected 8.5% 7.1% respectively for the two outer years.
- j) Sanitation tariffs increase with 7% for the 2020/21 financial year and a projected 7% per year for the two outer years.
- k) Refuse tariffs increase with 10% for the 2020/21 financial year and a projected 10% per year for the two outer years.

The budget is based on current service levels with no provision for growth in property rates and other services.

#### **4.1.6 Operating Revenue**

In order to serve the community and to render the services needed, revenue generation is fundamental to financial sustainability. The reality is that we are faced with developmental backlogs and poverty challenging our revenue generation capacity. The needs (being capital or operational of nature) always exceed the available financial resources. This becomes more obvious when compiling the annual budget and comparing it with the community's needs as recorded in the IDP. This is a worldwide problem and therefore available financial resources should be utilised where it delivers the biggest impact on outcomes that will improve the quality of life of our local communities.

The operating revenue will now be discussed and analysed.

##### **4.1.6.1 Operating revenue by source**

The operating revenue for 2020/2021 is budgeted at R1 358 525 193, which is an increase of 6.17% from the 2019/2020 adjusted budget.

The 2kl of water free of charge to supply all households serviced by the Council as in the 2019/2020 financial year is no longer provided for. As from 1 July 2020, only registered

indigent households (inclusive of deemed indigent households) will receive 6kl free water per month. All other households will no longer receive free basic water from 1 July 2020.

The Income Budget has been compiled based on projected billing, however provision has been made for a 94% collection rate through the provision of funds for the impairment of debtors.

The projected revenue are as follows:

Income	Adjusted Budget	2020/2021	2021/2022	2022/2023
<b>Revenue from Non-Exchange Transactions</b>				
Property Rates	239 732 016	263 705 218	290 075 739	319 083 313
Fines, Penalties and Forfeits	46 832 663	49 642 623	52 621 180	55 778 451
Operational Transfers Monetary	153 961 590	147 306 854	158 844 419	172 326 636
Capital Transfers Monetary (Govt)	92 050 043	75 072 739	72 577 174	71 447 956
Capital Transfers Monetary (Developers)	3 370 000	1 500 000	1 500 000	11 000 000
Capital Transfers In Kind				
<b>Revenue from Exchange Transactions</b>				
Service Charges Electricity	394 641 931	448 775 195	484 778 924	551 408 697
Service Charges Waste Management	41 047 378	45 152 116	49 667 327	54 634 060
Service Charges WasteWater Management	44 377 691	47 484 129	50 808 018	54 364 580
Service Charges Water	226 825 822	242 701 140	263 326 373	281 756 457
Interest, Dividends and Rent on Land	25 369 129	26 550 732	27 865 492	29 176 906
Operational Revenue	4 283 747	4 510 742	4 761 642	5 014 011
Rental from Fixed Assets	1 378 000	1 460 680	1 548 321	1 641 220
Sales of Goods and Rendering of Services	5 662 319	4 617 839	5 023 208	5 233 095
Licenses and Permits	42 953	45 187	47 672	50 151
Gain on disposal of Assets	-	-	-	-
Inv - Physical & Net-Rel Value Losses				
<b>TOTAL INCOME</b>	<b>1 279 575 282</b>	<b>1 358 525 193</b>	<b>1 463 445 490</b>	<b>1 612 915 532</b>
<b>Total Income Excluding Capital Revenue</b>	<b>1 184 155 239</b>	<b>1 281 952 454</b>	<b>1 389 368 316</b>	<b>1 530 467 576</b>

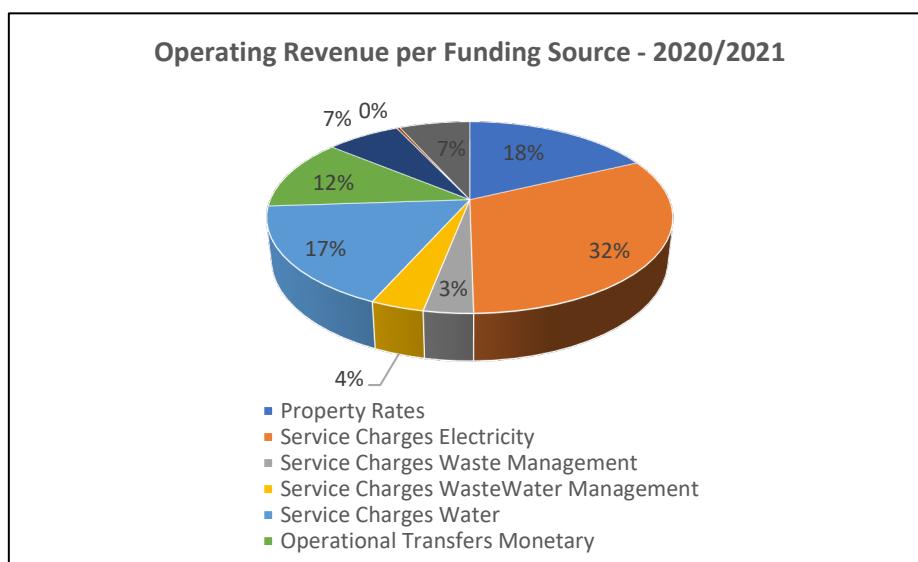


Figure 42: Operating Revenue Distribution for the 2019/20 Financial Year

#### 4.1.6.2 Analysis of projected operating revenue

Property Rates – all properties are rated in terms of the Municipal Property Rates Act and levied accordingly. Residential properties benefit from a residential reduction in their rate in that the first R150 000 of their property values are exempted from property rates. This benefit is accounted for as Income Foregone.

Service Charges for Services – this category comprises sale of Electricity, Water, Sanitation and Solid Waste (Refuse Collection). This is the main municipal services and accounts for 58% of the operating income of Council.

Operating Grants and Subsidies have been budgeted for as per the Division of Revenue Act. The Regional Bulk Infrastructure Grant (RBIG) intended for the construction of the regional sewer network is an indirect grant (project to be implemented by Rand Water) and is thus not included in the budget.

Developer Contributions are expected for the MTREF period and the bulk of this will be utilised for the provision of infrastructure for new developments.

#### **4.1.7 Operating Expenditure**

The operating expenditure for 2020/2021 is budgeted at R1 354 464 037 (an increase of 7.47% from the 2019/2020 adjusted budget). This includes a provision for salary increases of 6.25%, increase in repairs and maintenance expenditure of 1.1%, operating cost of 0% and contracted services of 10.5%. Bulk purchases has been increased as follows:

Water Purchases from Randwater – 6.6%

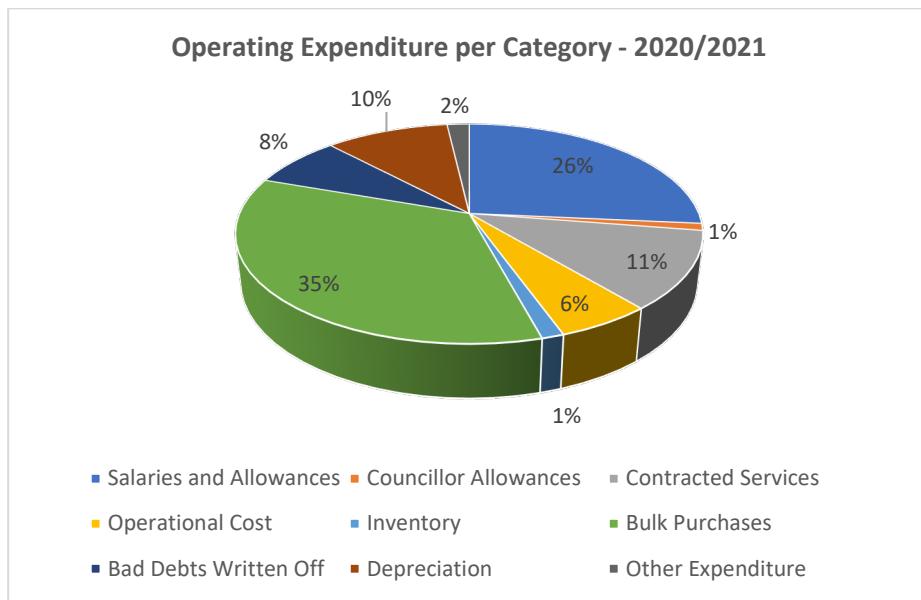
Electricity Purchases from Eskom – 15.6%

The expenditure budget is as follows:

Expenditure	Adjusted Budget	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
<b>Salaries and Allowances</b>				
Senior Managers	8 156 757	8 514 857	9 012 235	9 539 455
Municipal Staff	309 566 833	329 798 236	347 586 130	366 441 298
Councillors Allowances	12 389 536	13 656 302	14 475 680	15 344 221
<b>Contracted Services</b>				
Outsourced Services	57 336 705	63 371 201	65 232 972	68 159 371
Consultants and Professional Services	25 444 879	26 220 585	27 780 677	29 144 710
Contractors	52 223 822	56 523 368	60 493 386	63 327 788
Operational Cost	83 565 477	80 368 909	84 647 325	88 623 074
Inventory	15 757 652	16 085 295	16 863 470	17 695 818
<b>Bulk Purchases</b>				
Electricity	312 371 275	361 101 194	390 350 391	410 648 611
Water	145 824 274	155 448 676	168 661 814	180 670 535
Interest, Dividends and Rent on Land	21 546 697	18 873 572	19 247 973	19 504 181
Operating Leases	-	-	-	-
Bad Debt Written Off	5 744 536	6 003 040	6 273 177	6 555 470
Transfers and Subsidies	1 132 020	1 132 020	1 132 020	1 132 020
Depreciation and Amortisation	123 056 310	127 749 850	132 678 068	137 852 696
<b>SUB TOTAL EXPENDITURE</b>	<b>1 174 116 773</b>	<b>1 264 847 105</b>	<b>1 344 435 316</b>	<b>1 414 639 247</b>
<b>Gains and losses</b>				
Loss on Disposal of Assets	-	-	-	-
Debtors impairment	46 039 517	47 420 702	48 843 324	50 308 623
Traffic fines impairment	40 125 834	42 196 230	44 728 003	47 411 683
Inv - Physical & Net-Rel Value Losses				
Internal Transactions				
<b>TOTAL EXPENDITURE</b>	<b>1 260 282 124</b>	<b>1 354 464 037</b>	<b>1 438 006 643</b>	<b>1 512 359 553</b>

##### **4.1.7.1 Operating expenditure by type**

The detail of the operating budget is contained in the Medium Term Revenue and Expenditure Framework for the period 2020/2021 – 2022/2023.



**Figure 43: Operating Expenditure Distribution for the 2020/21 Financial Year**

#### 4.1.7.2 Analysis of operating expenditure

The main sections of the expenditure in the operating budget are the following: -

##### **Salaries**

The increases in this includes a projected general salary increase of 6.25% to all staff members, provision for new positions as well as the funding of critical vacant positions. The total salary package of the Council amounts to 26.% of the total expenditure.

##### **Bulk Purchases**

This category was increased with the tariff increases for Rand Water and Eskom.

The Council has little control over the abovementioned expenditure – bulk purchases represent 38% of the expenditure budget.

##### **Depreciation**

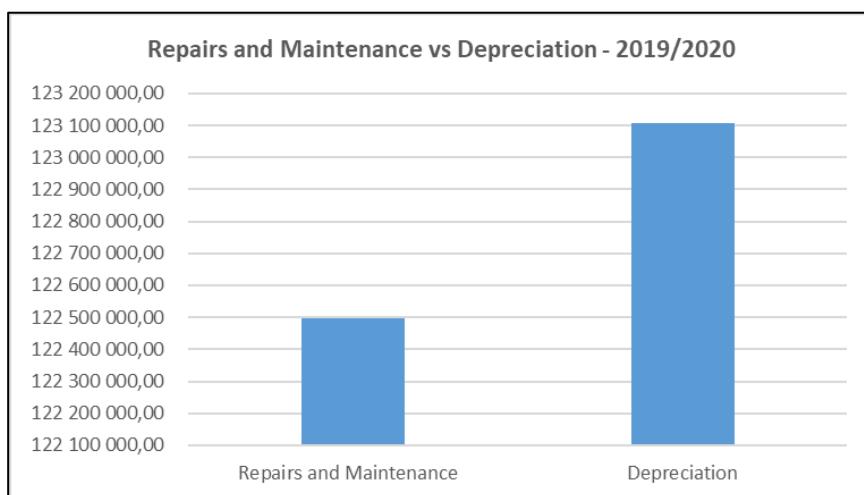
Depreciation accounts for 9.4% of the expenditure budget. Depreciation is the systematic expensing of the value of an asset as it is used up and does not relate to any cash payment made (nor is the money owed to anyone for that matter). A road can last for 40 years and every year 1/40th of the road is “used up” and that must be shown as an expenditure item called depreciation. The intention is to set these funds aside so that there is cash available

at the end of the useful life of the asset to replace the asset. This budget also provides for offset depreciation. This is done to avoid increasing rates and taxes to provide for assets that were revalued with the implementation of GRAP 17. This will be reviewed as part of the long-term financial plan to ensure that there is a balance between amounts provided for asset renewals and affordability of rates and taxes.

### **Repairs and Maintenance**

With the implementation of mSCOA, repairs and maintenance will no longer be shown as a separate line item, but the expenditure will be classified according to the nature of the expenditure (i.e. salaries, materials, contractors, etc.) with a project segment showing that the expenditure is related to repairs and maintenance. This new categorisation has led to the budget for repairs and maintenance now being 8.8% of the operating budget.

Figure 44 below illustrates the relationship between Depreciation and Repairs and Maintenance:



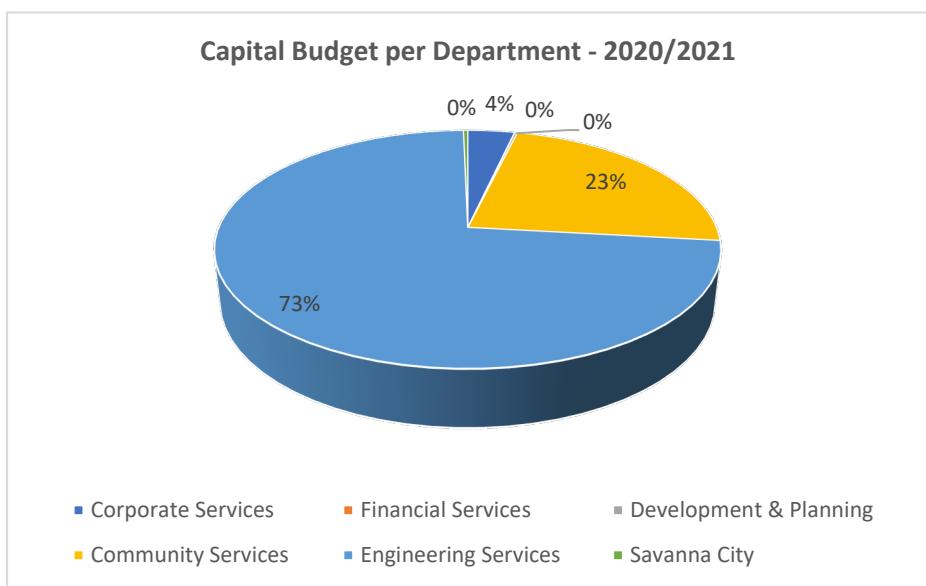
**Figure 44: Repairs and Maintenance vs Depreciation**

### **4.1.8 Capital Expenditure**

A three (3) year capital budget has been prepared which has been based on the IDP document.

#### **4.1.8.1 Capital expenditure per Department**

Figure 45 below depicts the capital budget per department.



**Figure 45: Capital Expenditure per Department for the 2020/2021 financial year**

#### 4.1.8.2 Analysis of capital expenditure

The capital amount proposed for 2020/2021 amounts to R134 104 739. Midvaal mainly spends its capital expenditure on infrastructure services and for the 2020/21 financial year (77%) of the capital budget is allocated to the Engineering Services department.

#### 4.1.9 Capital Expenditure Funding

The capital budget will be funded as follows:

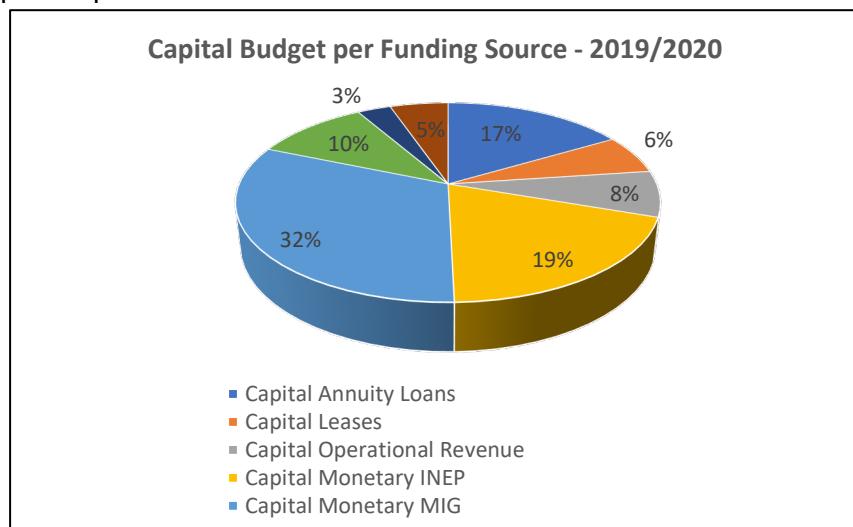
Capital Summary Report: Capital Expenditure per Fund		Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
Non Current Assets (Capital)	Adjusted Budget			
Capital Annuity Loans	25 762 084	21 500 000	28 000 000	28 850 000
Capital Leases	8 250 000	15 860 000	14 020 000	16 860 000
Capital Operational Revenue	15 556 232	20 172 000	19 418 000	30 582 000
Capital Monetary INEP	30 811 689	25 600 000	20 000 000	20 000 000
Capital Monetary MIG	40 863 830	26 097 739	28 157 174	29 663 956
Capital Monetary WSIG	13 500 000	14 325 000	16 500 000	17 364 000
Capital Monetary NHDG	-	1 500 000	3 500 000	-
Capital Monetary Developers Contributions	3 370 000	1 500 000	1 500 000	11 000 000
Capital Monetary DAC	6 874 524	7 550 000	4 420 000	-
<b>TOTAL CAPITAL</b>	<b>144 988 359</b>	<b>134 104 739,00</b>	<b>135 515 174,00</b>	<b>154 319 956,00</b>

The National Treasury benchmark of 39% - 40% of the capital budget to be spent on renewal projects were taken into account and the impact of proposed projects on the operational budgets of future years was evaluated. It is not sustainable to construct facilities where there are not sufficient operating funds available to operationalize the facilities and as such no

facilities that cannot be operationalized with the current available resources were budgeted for.

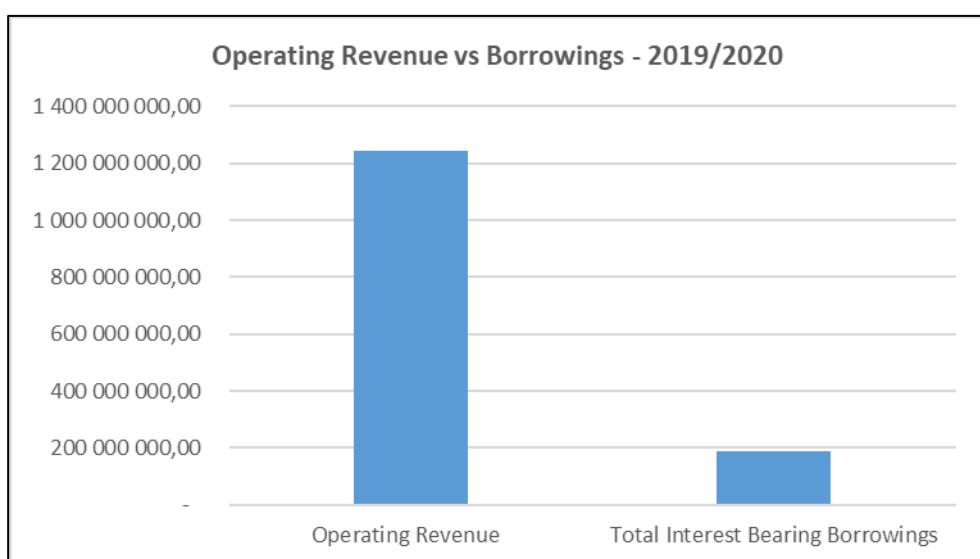
The capital expenditure funding trends are set out in Figure 46 below. The detailed capital budget is contained in the Medium Term Revenue and Expenditure Framework for the period 2020/2021 – 2022/2023.

In Figure 46 below it is clear that grants and borrowings are becoming the main sources of funding of capital expenditure.



**Figure 46: Capital Expenditure per Funding Source for the 2020/2021 financial year**

External borrowing as a funding source must be capped at 40% of total operating expenditure. If not, Midvaal will become over-borrowed and the municipality will become a risk for borrowing agencies and this will certainly lead to higher borrowing interest rates. In Figure 47 below it is clearly shown that Midvaal has not yet reached its external borrowing limit in terms of this indicator – however, the impact of borrowings on the affordability of tariffs must be considered when considering new borrowings.



**Figure 47: External Borrowings vs Total Operating Revenue**

#### **4.1.10 Conclusion**

The continued improvement and development of an effective financial planning process aids the actualisation of fulfilling its facilitating role to capacitate the community to build a prosperous future for all. This Financial Plan with its financial framework, financial strategies and financial policy framework contribute to ensuring that Midvaal remains financially viable and sustainable and that quality municipal services are provided economically to all communities within its area of jurisdiction.

The multi-year Financial Plan contains realistic and credible revenue and expenditure forecasts which should provide a sound basis for improved financial management and institutional development as well as service delivery improvements and implementation. The strategy towards cash backing and cash funded budgets will certainly ensure the sustainability of the Municipality over the short-, medium- and long-term.

### **4.2. Human Resource Strategy**

#### **4.2.1 Executive Summary**

As a progressive and learning institution, Midvaal Local Municipality's HR directorate strives to enhance the mandate of the organisation through effective HR policies, procedures and processes. The main goal of the strategy is to ensure that the directives are aligned to the Vision & Mission Statement of Council, the objectives identified in the Integrated Development Plan and aligned to the Service Delivery Budget Implementation Plan (SDBIP).

Within the given HR framework, it was imperative to define "value add" to the organisation so as to gauge the extent to which HR services should be "aligned to ensure the delivery of value" and improve the overall value-chain of the service.

Human Resources is an ever-evolving vocation and continuous revision of the HR strategy ensures that the organisation is better equipped to address the increasing challenges and changes within the operating environment.

In order to address some of these changes, Midvaal Local Municipality must be flexible enough to respond to the changing environment and keep abreast with developments within the labour market and labour environment so as to truly become an employer of choice. This entails a progressive mind shift from the current local government environment and applying best practice initiatives across all sectors within the South African economy. A new approach to old business should be adopted so as to remain relevant and a progressive organisation.

#### **4.2.2 Human Resources and Overview**

The Human Resources Strategy is aligned to the municipality's five-year Integrated Development Plan and focuses primarily on Key Performance Area No. 4 – Institutional Transformation.

In order to perform and achieve the outcomes associated with the KPA and KFA's and aligned to the vision and mission statement of the organisation, Human Resources strives to achieve its vision by monitoring its performance through its SDBIP.

The Human Resources Directorate operates within the internal and external environment of the organisation and serves as a link between all internal stakeholders within the organisation.

#### **4.2.3 Operating Context**

##### **External Environment**

Strategic Human Resources Management recognises the legislative, economic, social and political factors that create and govern the external environment in which the municipality operates. External stakeholders served by HR include the community at large in terms of job applicants, learners, etc.

##### **Internal Environment**

Human Resources is a centralised function that operates within a complex and dynamic framework where a range of external challenges intersect with the unique culture of the organisation. Its role is to provide advice and support to the Executive on Human Resources, related, issues. However, the Human Resources function is not only applicable to the Executive, its role is also to advise and support staff. Support is provided by HR to Line Management in terms of facilitating employment processes including, but not limited to, the recruitment of staff, discipline, learning & development, engagement and benefits, etc.

Within this framework, effective human resources management processes are required to facilitate continual staff learning and development, improve leadership capacity and encourage consultation and collaboration with all stakeholders. Such processes are central to achieve the intended outcomes, as they enhance cultural change which adds to institutional equity and diversity, lead to higher staff morale, commitment, trust and a willingness to embrace change and high productivity. Human Resources will again, for the period under review, embark on regular HR Roadshows aimed at information sharing to all staff to ensure that employees are aware of policies, processes and procedures.

Through an effective Human Resources Strategy, staff can work together to achieve the vision, mission and objectives of the organisation. This entails effective management of staff, planning, coaching, reviewing performance and rewarding employees for good performance. A strategic human resources approach can assist in achieving ultimate results and ensure that the municipality remains the best.

#### **4.2.4 Strategic Direction for Human Resources**

The reviewed Human Resources Strategy is a re-organisation of the existing strategy. The HR Strategy has been re-looked and re-engaged with all HR staff to ensure sound investment, appreciation and understanding. The revised strategy and structure is built on the existing strategy and structure and on the foundations of organisational development, talent management, quality service delivery and sound compliance.

In the development of the 2019/2020 HR strategy, several factors were considered including:

- Key Human Resources priorities based on the client needs aligned to processes and procedures,
- Identification of HR bottlenecks and suitable, practical ways of addressing such,
- The negative impact HR inefficiencies have on user departments' core functions; and
- Proposed HR solution to improve HR effectiveness and efficiency.

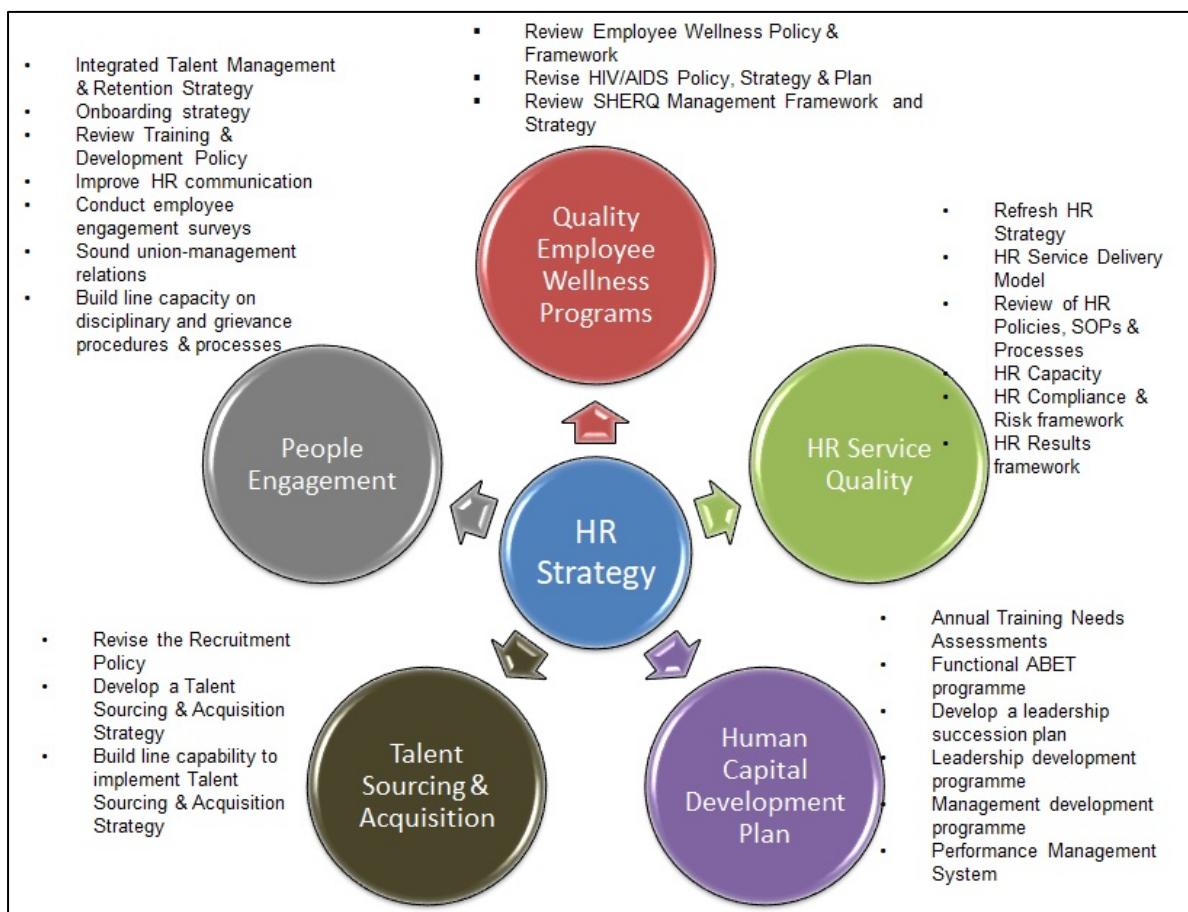
In response to the 2019/2020 strategy, the following has been addressed:

## 1. Negative impact HR inefficiencies have on user departments' core functions

The department reviewed processes and streamlined specifically, the processing of requests for inter alia recruitment requests (acting, temporary, permanent) and recruitment processes related to shortlisting and the administrative processes associated with the process. The Recruitment Policy was reviewed and submitted to Council for approval. The review of processes also addressed HR solution to improve HR effectiveness and efficiency.

### **HR Strategy**

In response to the proposed HR solutions, the following HR Strategy is proposed:



Activities specified in the diagram above (which also serves as the implementation plan for the strategy), include:

Activity 1 Deliverables	Human Capital Development Action Plan	Progress
Conduct annual training needs assessment (Skills Audit)	Establish Cross Functional Work teams to address Deliverables. Plan and/or Map-Out Implementation Plan and monitoring of progress per activity on weekly basis	Completed
Functional ABET Program		Completed
Leadership Development Program Implementation		In process
Personal Development Plans		In process (2020/2021)
Activity 2	Quality Employee Wellness Programs	Progress

Review Employee Wellness Policy & Framework	Establish Cross Functional Work teams to address Deliverables. Plan and/or Map-Out Implementation Plan and monitoring of progress per activity on weekly basis Establish Cross Functional Work teams to address Deliverables. Plan and/or Map-Out Implementation Plan and monitoring of progress per activity on weekly basis <b>"Risk management systems and practices implemented in response to Internal Audit Risk Assessment Report"</b>	Completed
Revise HIV/AIDS Policy and Strategy		Completed
Review OHS Management Framework & Strategy		In process
<b>Activity 3</b>	<b>HR Service Quality</b>	
Review HR Strategy	Establish Cross Functional Work teams to address Deliverables. Plan and/or Map-Out Implementation Plan and monitoring of progress per activity on weekly basis	Ongoing
Develop HR Service Delivery Model		Ongoing
Review HR Policies		Ongoing
Review HR Risk Framework		Ongoing, HR Risks contained in operational and strategic risk register
<b>Activity 4</b>	<b>People Engagement</b>	
Develop & Implement Talent Management and Retention Strategy	Establish Cross Functional Work teams to address Deliverables. Plan and/or Map-Out Implementation Plan and monitoring of progress per activity on weekly basis	In progress
Review Training & Development Policy		Completed
Improve HR Communication		Completed
Conduct Employee Surveys		Ongoing
Foster Sound Union Engagement		Ongoing
Build line capability on disciplinary and grievance procedures		Completed
<b>Activity 5</b>	<b>Talent Sourcing &amp; Acquisition</b>	
Review Recruitment Policy	Establish Cross Functional Work teams to address Deliverables. Plan and/or Map-Out Implementation Plan and monitoring of progress per activity on weekly basis	Completed
Develop Talent Sourcing & Acquisition Strategy		Ongoing
Build Line Capacity		Ongoing

Activities identified, with specific deliverables have an important role to play in supporting and enabling the overall Strategic Objectives of the organisation, in the short, medium and long term. The identification of strategic focus areas for the 2019-2021 strategy are a prioritisation of HR initiatives that will inform the design of HR services, establishment of the delivery model, upgrading of HR capabilities, continuous improvement of HR operations and communicating the value of HR Services.

The elements noted in 4.4.1 contributed to the identification and articulation of the key priorities for the department. The HR strategic objectives articulated in the previous strategy remains relevant, the aim is to focus on the key priorities for ease of implementation and the impact they would have on the organisation.

The following priorities have been identified and will be the focus areas for Human Resources for the period under review:

Priority Area	Action Required
HR Business Processes	<ul style="list-style-type: none"> <li>• Policy Review and development</li> <li>• Procedure Development</li> <li>• Systems review</li> </ul>
Talent Management	<ul style="list-style-type: none"> <li>• Workforce Planning (Staff Establishment)</li> </ul>

	<ul style="list-style-type: none"> <li>• Compensation and benefits management</li> <li>• Employee Engagement (on-boarding process to be reviewed)</li> <li>• HR Communication to improve</li> </ul>
HR Customer Centric	<ul style="list-style-type: none"> <li>• HR Service Delivery Model to be reviewed</li> <li>• Customer Satisfaction Index (conduct survey)</li> <li>• Service Level Agreements</li> <li>• HR internal culture change</li> </ul>
Employee Value Proposition	<ul style="list-style-type: none"> <li>• Retention Strategy to be developed and implemented</li> <li>• Midvaal Brand</li> <li>• Organisational Culture and Change Management</li> </ul>
Organisational Structure	<ul style="list-style-type: none"> <li>• Review Organisational Structure to address strategic and business needs</li> </ul>
Policy Review	<ul style="list-style-type: none"> <li>• Planning (priority areas)</li> <li>• Develop, Engage, Approve and Implement Policies</li> <li>• Awareness (workshops with employees including unions)</li> </ul>
Improved Recruitment Turn-Around time	<ul style="list-style-type: none"> <li>• Review Recruitment Policy</li> <li>• Review recruitment processes</li> <li>• Improve recruitment plans per department</li> </ul>

The goal is to have a revised HR Strategy that sets a clear direction. The strategy will also highlight the shared responsibility and accountability of its implementation among management at all levels, employees and Human Resources specifically. The objectives are to ensure that the strategy supports all strategic objectives of the organisation and responds to HR needs. In order to achieve the objectives, Midvaal requires a workforce that is more flexible, high performing and fully trained to accept and execute their professional challenges.

#### Human Resources Service Delivery Model

The review of the HR Strategy is not a complete overhaul of the existing strategy, as some of the elements are still applicable, but rather the inclusion and refinement of some of the elements of the strategy inclusive of newly introduced elements. The review of the strategy is aimed at easily solving issues raised by staff members.

A high-quality organisation is dependent upon the quality, reputation and productivity of its staff. The Human Resources Directorate will continue to engage in regular analysis and planning to ensure its services address the long-term needs of the organisation.

#### **4.2.5 HR Strategic Portfolios**

##### **Staff Establishment**

Midvaal Local Municipality reviews the Staff Establishment on an annual basis. The Staff Establishment, as governed by legislation is linked to a multi-year budget and projects changes over a period of three years. These changes include new employees, resources needed as well as the financial implications thereof.

In developing the Staff Establishment, the requests for new positions are considered only if there is a demonstrable link to a service need or a resource requirement, or if it enhances the achievement of the key priorities as contained in the Council's Integrated Development Plan (IDP), for which funding has been allocated in the budget and which has been planned as per the departments' Service Delivery and Budget Implementation Plans (SDBIPs).

Positions included in the Staff Establishment add to the workforce plan and should have a job description highlighting the duties and requirements for positions. Job Evaluations are considered for newly created positions and the organisational structure is amended

accordingly following the approval of the Staff Establishment. The strategic link between the Staff Establishment and the HR Strategy is contained in the succession plan, training and development and personal development plans of employees. This ensures that there is business continuation and that employees are capacitated to execute their duties effectively.

The comprehensive report on the Staff Establishment for the municipality is tabled for consideration and approval with the respective financial budget for each year of the multi-year budget.

Proposed amendments to the Staff Establishment for Human Resources specifically includes:

#### Organisational Development (OD) & Talent Management Role

Purpose	To provide consultation in change management performance and working in partnership with support functions and client teams to orchestrate the development of a culture of engagement and institutional health and bring about organisational change initiatives that addresses institutional goals and strategies
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#### Remuneration & Benefits Role

Purpose	Responsible for developing, implementing and administering Midvaal's total remuneration strategies. The role is responsible for driving a high-performance culture by linking rewards to performance. The role will ensure alignment of the remuneration practices and partner with relevant stakeholders to ensure sector alignment of Midvaal's remuneration practices that enable attraction and retention of talent. The role will also be responsible for the holistic (development, implementation and management) of all employee benefits and ensure compliance and minimisation of risk related to remuneration and benefits processes.
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#### Human Resources Business Partnering Role

Purpose	To implement the HR Strategy and deliver excellent customer service within the organisation
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#### Service Delivery Role

Purpose	To provide service excellence leadership to the HR team by partnering with the business leaders, in building organisational capabilities for driving sustainable business growth. The role is responsible for building Midvaal Local Municipality culture and operating environment that is conducive to attracting, developing and retaining the best talent. The role is responsible for ensuring implementation of the HR strategy in partnership with the Deputy Director: Operations and Deputy Director: Centre of Excellence
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The above-mentioned recommendations are subject to approval, but should if effected, further assist the organisation in streamlining HR-related processes.

#### **Workforce Planning**

The HR Strategy will allow the municipality to create a workforce that is representative of the national demographics of the country. It aims to ensure a mix of internal and external talent with the necessary skills and expertise to carry out the organisation's primary service delivery operations.

With talent acquisition annual skills audits are performed to maintain learning organisation standards and to ensure that staff are enabled to perform their assigned tasks.

This strategy serves as an effective planning tool for staffing, HR planning and career development of existing employees.

### Workforce Overview & Demographics

A holistic overview of the basic demographics of Midvaal employees are contained in the graphs and tables below. Summaries and interpretations of demographics (Gender, Age, Qualifications) are reflective for the month of January 2019:

### Workforce Profile

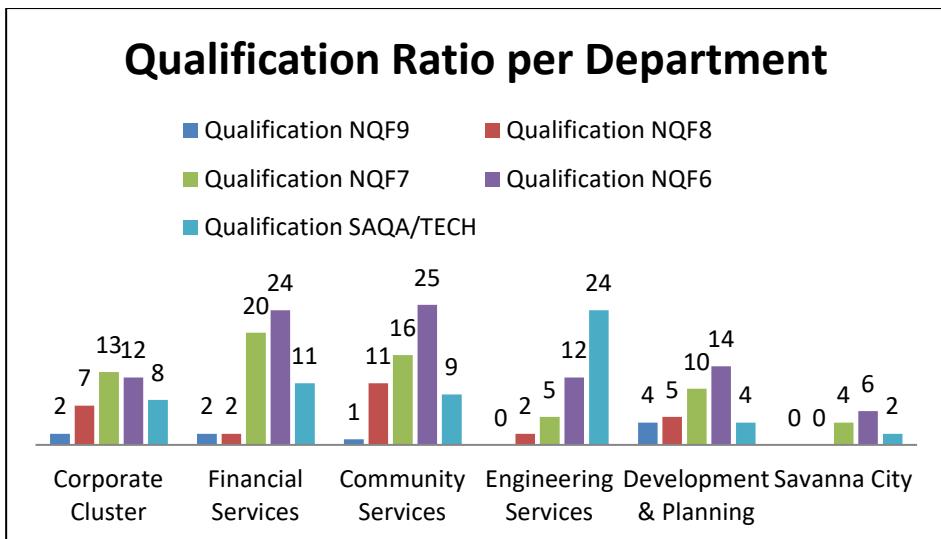
Department	Permanent	Temp/Contract/Fixed Term	No. of Employees
<b>Corporate Services Cluster</b>	<b>81</b>	<b>3</b>	<b>84</b>
Corporate Services	62	3	65
Human Resources	19	0	19
<b>Financial Services</b>	<b>68</b>	<b>3</b>	<b>71</b>
<b>Engineering Services</b>	<b>268</b>	<b>0</b>	<b>268</b>
Roads & Storm Water	79	0	79
Mechanical Workshop	5	0	5
Purification/Sanitation	65	0	65
Water	54	0	54
Electrical	45	0	45
Admin	20	0	20
<b>Community Services</b>	<b>242</b>	<b>44</b>	<b>286</b>
Waste Management	51	0	51
Parks	45	1	46
Libraries	32	0	32
Clinics	9	0	9
Municipal Health Services	11	0	11
Admin	12	0	12
Public Safety: Traffic	36	16	50
Public Safety: Fire	46	27	70
<b>Development &amp; Planning</b>	<b>33</b>	<b>1</b>	<b>34</b>
<b>Savanna City</b>	<b>23</b>	<b>1</b>	<b>24</b>
<b>Totals</b>	<b>715</b>	<b>52</b>	<b>767</b>

**Table: Workforce Profile**

The workforce profile is inclusive of all types of employment contracts (permanent, temporary, fixed term, part-time) but exclude seasonal (EPWP) workers. Top Management comprises of Fixed Term Contract Workers and are counted as temporary employees.

### Qualification Ratio

Qualifications reflected in Graph 1 is indicative of Professional Formal Qualifications obtained by employees for Top, Senior and Middle Management Occupational Levels only.



**Graph 1: Qualification Ratio per Department**

### Employment Equity Status Quo

Demographics	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
National	40.3	5.6	1.9	6.2	34.9	5	1.2	4.6	N/A	N/A	100
Midvaal	56.1	0.7	0.3	7.4	29.1	0.5	1.0	4.9	N/A	N/A	100
Over Represented											
Under Represented											

The analysis is an overview of total representativeness and not per occupational level.

### Recruitment

Recruitment and retention of high-quality staff in a competitive labour market is of vital importance to the municipality. As the workforce ages, there is a concentration of staff in the older age groups and a relatively small proportion of younger academic candidates. Successful Human Resources Management will require effective recruitment and retention strategies that consider the following:

- There will be increased competition for limited number of quality staff in an increasingly changing competitive environment in which budget constraints may affect staffing, development and retention.
- Well-being in the workplace has become increasingly important. The current restrictive regulatory environment, over which the Council has no influence, will further constrain the supply of quality of staff. Together with increased expectations and higher levels of accountability and reporting, including the salaries distinction between metropolitan and local municipalities (which adds to the restrictive environment), local government as a sector has the potential to become less competitive within the market.
- Remuneration of municipal staff, at the local level should receive attention as the current salary components does not allow for talent acquisition at the extent required. Professionals do not apply for vacancies due to earning more competitive salaries outside the municipal area.

- Gender balance and diversity should be given consideration in the context of a fair and transparent appointment process to promote equal opportunity for all.
- Retirements will be accompanied by continued growth and demand for staff.

## **Performance Management**

Although HR is not primarily responsible for Performance Management within the municipality, it cannot be excluded from the process. Information relating to deviations and or shortcomings identified during the performance assessments of staff has a direct impact on training and development of staff.

## **Continual Learning**

A rapidly changing knowledge base in the workplace, rapidly developing information technologies and the competitive environment and an increasing level of liaison with the community requires a high level of skill and knowledge on the part of staff. This can be developed only by a commitment to lifelong learning by each employee and will require access to a comprehensive range of staff development opportunities.

The Human Capital section play a crucial role in determining and coordinating the learning and development of staff to achieve a multi-skilled, versatile, high performing workforce capable to fulfil the municipality's mandate.

## **Creating an equitable and diverse workplace and enhancing change Management**

Diversity amongst staff which reflects the broader South African community has the benefit of building a workforce culture to advance important social, moral and human rights and commitments to equity and diversity. A diverse staff will improve the quality of decision making and is incorporated into its accountability framework. This commitment is not only important in terms of social justice, but it is an important attraction and retention strategy.

## **Staff**

Employees have a personal responsibility to participate in the implementation of the HR Strategy and to ensure its success. They have obligations reciprocal to those of managers.

Employees can encourage, mainly by adherence to sound policies, processes and procedures, a work environment that is professional, competent and to influence the overall morale of employees.

## **Creating a safe and supportive workplace culture**

Physically and psychologically safe work environments and safe work practices are key aspects of the organisation's risk management strategy. Midvaal has a high commitment to safety, not only for its own employees, but also for contractors and visitors. To maintain Midvaal as an employer of choice requires a positive, inclusive and high-performance culture marked by cooperation and respect, and where the work environment promotes work/life balance for staff. The maintenance of such a workplace culture, also requires consistent and fair, but firm discipline and the giving of due attention to grievances. The HR function strives to achieve these outcomes.

#### **4.2.6 Values**

Our value system is to provide a quality integrated service by creating a safe, healthy and supportive environment where MLM staff are valued, respected and able to realize their full potential.

Values include:

Integrity, Innovation, Diversity, Team Spirit, Accountable, Realizing Potential.

#### **4.2.7 Strategic Direction for Human Resources**

The goal with the reviewed HR Strategy is to have a strategy that outlines clear direction. The Strategy highlights shared responsibility and accountability of its implementation amongst HR management and employees. The objectives ensures that the Strategy supports all strategic objectives of the organisation and responds to related and relevant HR needs.

In order to achieve the objectives, Midvaal requires a workforce that is more flexible, high performing and fully trained to accept and execute their professional challenges. A high quality organisation is dependent upon the quality, reputation, and productivity of its staff. The Human Resources Directorate will continue to engage with relevant stakeholders in regular analysis and planning to ensure its services address the short, medium and long term needs of the organisation.

The strategic direction of HR is also greatly influenced by the outcomes of the annual Mayoral Strategic Session, key performance indicators and other programs and projects that are reviewed regularly, when required. In this way, the HR function supports the administrative structure in achieving the political priorities and objectives.

### **4.3 Local Economic Development (LED)**

Midvaal Local Municipality adopted an LED Strategy in May 2017 which aims to provide mechanisms that allow for sustainable local economic growth within communities. This strategy is based on 8 strategic pillars namely:

- Pillar 1 – Kgotelopele Youth Development Programme
- Pillar 2 – Agricultural Growth & Development
- Pillar 3 – Sectorial Growth
- Pillar 4 – Youth Skills, Development, Education and Training.
- Pillar 5 – Business Development and Support
- Pillar 6 – Township Economic Revitalization
- Pillar 7 – SMME, Cooperatives & Black Industrial
- Pillar 8 – Poverty Reduction

The 8 strategic pillars encompass the ideals to be used to implement the strategy that will enable the establishment of programs and initiatives to enhance LED in communities. LED plays an important role in Township Economic Revitalisation (TER)

The concept of TER is used as a development tool to enhance the unique characteristics of economic activities in underprivileged and or under developed communities. In creating urban spaces that are conducive to entrepreneurship, agricultural activity, education and

skills transfer. TER focuses on mechanisms that can be implemented to establish and ensure these activities lead to sustainable livelihoods and community growth.

These mechanisms for implementation are to be realised through the Municipal's Strategic Goals for LED namely Poverty Alleviation and Broad Based Black Economic Empowerment.

- Poverty Reduction
  - To focus on the sustainable livelihoods approach as opposed to a 'welfare' approach as long terms solution.
  - Facilitation of access to human, financial, natural, social and physical assets as key components of household's sustainable livelihood.
  - Provision of support to indigents, in an attempt to reduce the number of indigents within the municipality.
- Broad Based Black Economic Empowerment
  - To lead to economic empowerment to increase broader based participation and ownership for the majority of disadvantaged communities and individuals in the local economy.
  - Partnership initiatives that result in skills transfer and capacity building.
  - Focus on key growth sectors and industries of relevance to Midvaal such as agriculture; manufacturing; wholesale, retail trade, catering and accommodation as well as in finance, property, construction and business services

Midvaal Local Municipality understand the importance of Township Economic Revitalisation and strives towards inclusive development that meets the needs of communities and provides for equal opportunities. Further contributions to TER are:

### **Midvaal Land Use Scheme, 2017**

Midvaal has previously been governed by 6 town planning schemes under the Town Planning and Townships Ordinance, No 15 of 1986. Since the implementation of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013, municipalities are required to adopt one single land use scheme covering the entire jurisdiction of the municipality. Midvaal has since adopted a single land use scheme that covers all areas within Midvaal as per the 2016 Municipal Demarcation Board boundary.

The Midvaal Land Use Scheme, 2017, makes special reference to an Economic Revitalization Overlay Zone. This overlay zone makes provision for the protection and management of diverse economic activities in disadvantaged areas.

Economic Revitalization areas include areas such as Mamello, Savanna City, Lakeside, Sicelo fully subsidized housing and Ohenimuri. Erven zoned "Residential 1" benefit from rebates on development application and documentation tariff fees in an effort to decrease development cost and "red-tape" for underprivileged communities. By reducing the strain on development, communities are able to develop and conduct businesses legally which in turn allows the municipality to be able to manage and control all activities in the area ensuring a more harmonious built environment.

Activities such as spaza shop, home enterprise and urban agriculture are accommodated as a primary use in Transitional Residential zone. This is effective to Sicelo informal settlements

### **Institutional Transformation**

To achieve the required impact regarding Township Economic Revitalization Midvaal Local Municipality implemented one of its first initiatives in this regard by incorporating local

suppliers in the Supply Chain Database. The aim of this initiative is to actively source goods from local suppliers based in our township areas.

The table below indicates the Rand Value spent towards Township Economic Revitalization by Midvaal Local Municipality from April 2018 to December 2018.

Midvaal Local Municipality					
Township Economic Revitalisation Spend					
MONTH	TOTAL SPEND ON GOODS, SERVICES AND CONSTRUCTION: ALL SUPPLIERS	PROPORTION SPENT ON TOWNSHIP BASED SUPPLIERS	% TER SPEND	TOTAL NUMBER OF SUPPLIERS USED	NUMBER OF TOWNSHIP-BASED SUPPLIERS USED
Apr-18	20 279 159	1 597 766	7,9%	137	16
May-18	28 966 591	2 162 388	7,5%	218	23
Jun-18	59 293 374	2 237 674	3,8%	255	28
Jul-18	23 028 406	909 528	3,9%	151	14
Aug-18	15 067 695	985 135	6,5%	131	21
Sep-18	15 431 719	688 825	4,5%	145	21
Oct-18	19 833 129	821 394	4,1%	175	16
Nov-18	23 193 606	688 938	3,0%	168	20
Dec-18	<b>21 521 887</b>	<b>744 729</b>	<b>3,5%</b>	<b>167</b>	<b>24</b>
Total	<b>226 615 567</b>	<b>10 836 378</b>	<b>4,8%</b>	<b>1 547</b>	<b>183</b>

#### 4.4 Climate Change Adaptation and Mitigation

Midvaal Local Municipality has identified the need to adopt a Climate Change Response Plan in line with the Draft Sedibeng Climate Change Response Plan and the Gauteng Climate Change Strategic Action Plan. The Municipality has however embarked on the following initiatives in an effort to mitigate the effects of climate change.

- The Community Services Waste Department has appointed a service provider to compile and Integrated Waste Management Plan (IWMP). The Department has also initiated Separation at Source and Recycling pilot project in Risiville and will thereafter implement the project in other residential areas in Midvaal
- The Electrical Department under Engineering Services has begun interventions to adopt a Small-Scale Embedded Generation SSEG policy to be an enabler of private sector participation.
- The Municipality has a multi- year IG project for EPWP that included maintenance of grass cutting, flowerbed and trees. Through this project alien species are being removed on a daily basis and consistent cutting of grass and trees.
- Food garden programmes have been initiated in Sicelo and Mamello to encourage small scale agricultural initiatives. Farmers are also supported in line with the programmes development by Department of Agriculture and Rural Development.
- The Municipality has adopted a Five Year Water Demand Management & Water Conservation Plan and will be reviewing this plan.
- The municipality has approved a Draft Green Buildings policy and Implementation plan that aims at providing guidelines on energy efficient buildings and the benefits thereof.

The municipality is aware that more interventions are required to make a positive impact on the effects of climate change however budget constraints are a challenge

## 5. Performance Management (Policy)

### 5.1 Introduction

Effective performance management is fundamental to the delivery of excellent local services. Local government has achieved improvements in recent years; however, councils are recognising that they need to continue to develop and embed their approaches if they are to achieve further improvements.

Integrated Development Planning and Performance Management were introduced to realise the developmental role of local government. Whilst the Integrated Development Plan (IDP) provides a framework for strategic decision-making, performance management must ensure that the desired results are achieved during implementation to ensure the correctness of the strategic direction of the objectives, strategies and projects put forward by the IDP.

Performance management is a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to:

- regularly plan;
- continuously monitor;
- periodically measure; and
- review performance,

of the organisation in terms of indicators and targets for:

- efficiency;
- effectiveness; and
- impact.

A Performance Management System (PMS) entails a framework that describes and represents how the municipality's process of performance planning, monitoring, measurement review, reporting and improvement will be conducted, organised and managed, including determining the different role players. This policy document guides the development of a PMS for the Midvaal Local Municipality (MLM). It also forms the basis of aligning the IDP with the operational SDBIPs, performance areas and performance indicators of the various departments of the MLM.

### 5.2 Legislative and Policy Framework

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the Municipal Systems Act of 2000, MLM must establish mechanisms to monitor and review its Performance Management System

(PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels.

Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP Review process the Key Performance Areas, Key Performance Indicators and Performance Targets are reviewed and that this review will form the basis for the review of the municipal PMS and Performance Agreements of Senior Managers.

The Performance Management System is informed by the following legislation and policies:

1. The Constitution of the Republic of South Africa, Act 108 of 1996 and as amended;
2. Local Government: Municipal Systems Act, Act 32 of 2000 as amended;
3. Local Government: Municipal Structures Act, Act 117 of 1998;
4. Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003;
5. Local Government: Municipal Planning & Performance Management Regulations, 2001 (R.796)
6. Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006;
7. National Treasury: Framework for Managing Programme Performance Information, 2007;
8. National Treasury: MFMA Circular 63 (Annual Report: Guidelines - update);
9. National Treasury: MFMA Circular 13 (Services Delivery and Budget Implementation Plan);
10. National Treasury: MFMA Circular 32 (The Oversight Report);
11. Batho Pele White Paper.

Other legislation that impacts on and relates to performance management includes:

1. Labour Relations Act, Act 66 of 1995: Code of Good Practice;
2. Basic Conditions of Employment Act, Act 75 of 1997;
3. Employment Equity Act, Act 55 of 1998;
4. The Skills Development Amendment Act, Act 31 of 2003;
5. Promotion of Access to Information Act, Act 2 of 2000.

Although it is not considered necessary to go into detail in respect of all the legislation it is important to give a brief overview of the most important legislative provisions set out in:

1. The Municipal Systems Act No. 32 of 2000 as amended;
2. The Municipal Planning and Performance Management Regulations of 2001;
3. The Municipal Finance Management Act, Act 56 of 2003;
4. The Municipal Performance Regulations of 2006 for Municipal Managers and Managers directly Accountable to Municipal Managers;
5. Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, Government Gazette 37245 dated 17 Jan 2014;
6. Local Government: Municipal Systems Act, Act 32 of 2000: Local Government: Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers, Government Gazette 42023.

Summaries of the provisions relating to organisational performance management are therefore set out hereunder:

### **The Municipal Systems Act, 32 of 2000**

Chapter 6 of the Municipal Systems Act (2000) as amended provides briefly that a municipality must:

1. Develop a performance management system (PMS);
2. Promote a performance culture;
3. Administer its affairs in an economical, effective, efficient and accountable manner;
4. Set Key Performance Indicators (KPI's) as a yardstick for measuring performance;
5. Set targets to monitor and review the performance of the municipality based on indicators linked to their IDP;
6. Monitor and review performance at least once per year;
7. Take steps to improve performance;
8. Report on performance to relevant stakeholders;
9. Publish an annual performance report on performance of the municipality forming part of its annual report as per the provisions of the Municipal Finance Management Act of 2003;
10. Incorporate and report on a set of general (sometimes also referred to as National) indicators prescribed by the National Minister of Provincial and Local Government;
11. Conduct an internal audit of all performance measures/indicators on a continuous basis;
12. Have their annual performance report audited by the Auditor-General; and
13. Involve the community in setting indicators and targets and in reviewing municipal performance.

Sections 55 to 58 of the Municipal Systems Act further outline the provisions on the employment and functions of the Municipal Manager and Managers directly accountable to the Municipal Manager.

### **The Municipal Planning and Performance Management Regulations of 2001**

In summary the Regulations provide that a municipality's Performance Management System must:

1. Entail a framework that describes and represents how the municipality's cycle and process of performance management, including measurement, review, reporting and improvement, will be conducted;
2. Comply with the requirements of the Municipal Systems Act; and
3. Relate to the municipality's employee performance management processes and be linked to the municipality's IDP.

**A municipality must:**

1. Set key performance indicators (KPI's) including input, output and outcome indicators in consultation with communities;
2. Annually review its Key Performance Indicators;
3. Set performance targets for each financial year;
4. Measure and report on the relevant Nationally prescribed key performance outcome;
5. Measure and report on the National local government KPA's;
6. Report on performance to Council at least twice a year;
7. As part of its internal audit process audit the results of performance measurement;
8. Appoint a performance audit committee; and
9. Provide secretarial support to the said audit committee.

### **The Municipal Finance Management Act, 56 of 2003 (MFMA)**

The Municipal Finance Management Act also contains various important provisions relating to performance management. In terms of the Act all municipalities must:

1. Annually adopt a service delivery and budget implementation plan with service delivery targets and performance indicators;
2. When considering and approving the annual budget, set measurable performance targets for revenue from each source and for each vote in the budget;
3. Empower the Executive Mayor or Executive Committee to approve the Service Delivery and Budget Implementation Plan and the Performance Agreements of the Municipal Managers and the Managers directly accountable to the Municipal Manager; and
4. Compile an annual report, which must, amongst others things, include the municipality's performance report compiled in terms of the Municipal Systems Act.

The Municipal Systems Act and the Municipal Finance Management Act require that the PMS be reviewed annually in order to align itself with the reviewed Integrated Development Plan (IDP). In consequence of the reviewed organisational performance management system it then becomes necessary to also amend the scorecards of the Municipal Manager and Section 56 Managers in line with the cascading effect of performance management from the organisational to the departmental and eventually to employee levels.

### **The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers of 2006**

This legislation regulates the management of the Section 56 employees of a municipality by providing an outline of employment contracts, performance agreements, performance plans, employee development, empowerment, measures/indicators and performance evaluation processes. These regulations further provide criteria for performance assessment and the 5-point rating upon which performance of an individual need to be scored during the assessment and evaluation.

### **5.3 Objectives of Performance Management**

A municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to gauge the progress made in achieving the objectives as set out in the IDP.

**The PMS process plan includes the following objectives that the system should in addition fulfil:**

- **Facilitate Increased Accountability**

The performance management system should provide a mechanism for **ensuring increased accountability** between the local community, politicians, the Municipal Council and the municipal management team.

- **Facilitate Learning and Improvement**

The PMS should **facilitate learning** in order to enable the Municipality to improve delivery.

- **Provide Early Warning Signals**

It is important that the system ensure decision-makers are **timely informed** of performance related risks, so that they can facilitate intervention, if necessary.

- **Facilitate Decision-making**

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the **allocation of resources**.

The objectives are also for the performance management system to serve as a primary mechanism to monitor, review and improve the implementation of the MLM's IDP. Performance management is viewed as a tool that improves the overall performance of the municipality.

## **5.4 Performance Management Framework**

The Municipality must develop, as part of the performance management system (PMS), a framework which will deal with the "how" to work with performance information. A performance management framework is the way the Municipality collects, presents and uses its performance information. It is a practical plan, made up of mechanisms and processes, for the Municipality to collect, process, arrange and classify, examine and evaluate, audit, reflect on and report performance information. These mechanisms and processes work in a cycle which must be linked to the Municipality's normal planning (IDP and otherwise) and the annual budgeting cycle.

### **5.4.1 Components of Performance Management Framework**

The annual process of managing performance at organisational level in the MLM involves the steps as set out in the diagram below:



#### **5.4.2 Clarifying Roles and Responsibilities of Stakeholders and Role-players**

It is important to understand the duties, roles and responsibilities of the different stakeholders and role-players in the various processes that together constitute the framework of the PMS. It is important that the accountabilities and relationships and priorities of the various stakeholders are set to ensure that there is a complete understanding of the participation, consultation and involvement of all stakeholders for maximum inputs into, and success of the PMS.

The PMS is a component of municipal governance and management systems that is aimed at ensuring that the performance of the Municipality is developmental, while complementing the planning and budgeting processes as an integral part of organisational and individual management. It involves a wide variety of stakeholders, all of whom play a vital and integral part in the overall success of the PMS. There are a variety of tasks that have been identified as being an integral part of the PMS. The schedule hereunder sets out the tasks, which should not be seen as a chronological sequence of occurrences and events. The tasks, together with the appropriate stakeholders/role-players (with their roles and responsibilities), are the following:

<b>STAKEHOLDERS / ROLE-PLAYERS</b>	<b>ROLES AND RESPONSIBILITIES</b>
1. Developing and sanctioning the performance management process	
Mayoral Committee	Ratify and adopt the PMS Policy
2. Developing measures / indicators	
Officials	<p>Provide the IDP documentation and (when appropriate) the PMS documentation of the previous reporting period</p> <p>Provide inputs into the process with reference to the available resources within their respective departments</p> <p>Document the measures/indicators</p> <p>Provide the schedule of measures/indicators to relevant stakeholders</p>
Councillors	<p>Provide inputs into the process with reference to the needs and requirements of their constituents and the communities</p> <p>Engage with the officials to ensure maximum utilisation of the resources taking into account the budgetary guidelines and possible limitations</p>
Local Community and Stakeholders	Provide inputs into the process with reference to their specific needs and requirements
3. Setting targets	
Officials	<p>Provide inputs into the process with reference to the available resources within their respective departments</p> <p>Document the targets</p> <p>Provide and publicise the schedule of targets to the relevant stakeholders</p>
Councillors	<p>Provide inputs into the process with reference to the needs and requirements of their constituents and the communities</p> <p>Engage with the officials to ensure maximum utilisation of the resources taking into account the budgetary guidelines and possible limitations</p>
Local Community and Stakeholders	Provide inputs into the process with reference to their specific needs and requirements

Linking measures/indicators and targets to performance commitments of staff	
Municipal Manager	Prepare performance agreements with agreed and approved measures/indicators and targets
	Ensure that the measures/indicators and targets in the performance agreements of senior managers are linked with his/her agreement
	Ensure that all senior managers performance agreements are published
	Provide inputs into senior managers performance agreements
	Ensure that the measures/indicators and targets of the departments and subordinates are linked with the senior managers agreements
Mayoral Committee	Ratify and adopt the performance agreements

5. Monitoring and Evaluation	
Executive Mayor	Monitor and evaluate (according to agreed schedule) the measures/indicators and targets of the Municipal Manager
Municipal Manager	Monitor and evaluate (according to the agreed schedule) the measures/indicators and targets of senior managers
	Ensure that the results are documented and publicised to the relevant stakeholders
Information collection, processing and analysis	
Councillors	Provide inputs into the process with reference to the needs and requirements of their constituents and the communities
	Ensure with the council officials that all information is made available
	Examination, scrutiny and critical analysis of measures/indicators, targets, outputs and outcomes
Officials	Collect, process and provide the relevant and appropriate information from their respective departments/sections
Local community and Stakeholders	Provide inputs into the process with reference to their specific needs and requirements
7. Auditing of information	
Performance Management Manager	Collect and process relevant and appropriate information from departments
	Examination, scrutiny and critical analysis of information from departments
Performance & Audit Committee	Examination, scrutiny and critical analysis of information from departments
Auditor-General	Collect and process the relevant and appropriate information from the Municipality
	Examination, scrutiny and critical analysis of information from the Municipality

8. Audit reporting	
Internal Auditor	Provide an independent audit report to the Performance & Audit Committee
Performance & Audit Committee	Provide an independent audit report to the Municipal Manager and Mayoral Committee
9. Reporting	
Municipal Manager	Provide approved, relevant and appropriate information and reports to National- and Provincial Government; and the Auditor-General.
10. Report to Community	
Municipal Manager	Ensure that the results are documented and publicised to the relevant stakeholders
11. Review of performance management and setting of new measures/indicators and targets	
Officials	Provide inputs into the process with reference to the available resources within their respective departments
	Document the measures/indicators and targets
	Provide and publicise the schedule of revised measures/indicators and targets to relevant stakeholders
Councillors	Provide inputs into the process with reference to the needs and requirements of their constituents and the communities
	Engage with the officials to ensure maximum utilisation of the re-sources taking into account the budgetary guidelines and possible limitations in the light of the revised <b>measures/indicators</b> and targets
Local community and Stakeholders	Provide inputs into the process with reference to their specific needs and requirements in the light of the revised measures/indicators and targets

#### 5.4.3 Setting Measures/Indicators and Targets

The setting of measures/indicators and targets happens during the IDP process and is linked to the strategic objectives of the IDP. Performance measures/indicators and targets are used to show how the Municipality is performing on its objectives. This stage comprises setting measures/indicators and targets, and then gathering data and information on these measures/indicators to assess the progress of the Municipality. Performance measurement allows the MLM to compare their actual performance to their intended performance, and against nationally defined minimum standards. It will also, in time, allow for the comparison of their performance against that of other Municipalities.

Performance targets are the planned level of performance or the milestones the municipality sets for itself for each indicator identified. Baseline measurements and service standards must be identified, which will serve as the measurement of the chosen indicator(s) at the start of the period. In setting targets, it is important to know how the MLM is performing at the current moment. This step also tests whether the chosen indicator is in fact measurable and whether there are any problems. The targets need to be realistic, measurable and be commensurate

with available resources and capacity. The public need to be consulted on their needs and expectations in setting a target. Politicians need to give clear direction as to the importance of the target and how it will address the public need.

Targets should be informed by the development needs of communities and the development priorities of the municipality. The municipality must for each financial year set performance targets for each of the key performance indicators set by it. A performance target must be practical and realistic. It must measure the efficiency, effectiveness, quality and impact of the performance of the municipality. It must also identify administrative components, structures, bodies or persons for whom a target has been set. It is important that the set target is commensurate with available resources and the MLM's capacity. Finally targets need to be consistent with the municipality's development priorities and objectives set out in its IDP.

In order to measure progress in terms of a target during monitoring and evaluation (as discussed below), intermediate milestones, if applicable, should be specified with the same criteria as for performance targets.

The following general key performance indicators are prescribed in Section 10 of the Municipal Planning and Performance Management Regulations, 2001 and must be reported on annually:

- The percentage of households with access to basic level of:
  - a) Water,
  - b) Sanitation,
  - c) Electricity; and
  - d) Solid waste removal.
- The percentage of indigent households with access to free basic services;
- The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
- The number of jobs created through municipality's local economic development initiatives including capital projects;
- The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
- Financial viability as expressed by ratio's that measure:
  - a) Debt coverage;
  - b) Outstanding service debtors to revenue; and
  - c) Cost coverage.
- National Government further has agreed on 12 outcomes as a key focus of work between now and 2014. These outcomes have been expanded into high-level outputs and activities, which in turn formed the basis of a series of performance agreements between the President and relevant Ministers. Whilst all of the outcomes can to some extent be supported through the work of local government, Outcome 9 (A responsive, accountable,

effective and efficient local government system) and its 7 outputs are specifically directed at local government:

- Output 1: Implement a differentiated approach to municipal financing, planning and support;
- Output 2: Improving access to basic services;
- Output 3: Implementation of the Community Work Programme;
- Output 4: Actions supportive of the human settlement outcome;
- Output 5: Deepen democracy through a refined Ward Committee model;
- Output 6: Administrative and financial capability; and
- Output 7: Single window of co-ordination.

A Key Performance Indicator (KPI) qualifies the main aspect that needs to be achieved and thus measure the progress being made in achieving the objectives. It should therefore specify the object or deliverables to be achieved and the means by which it will be measured. Depending on the nature of such KPI, it may also include specifications regarding the quantity and standards of the object, and usually includes the timing or projected phasing of delivery. Key Performance Indicators may be both strategic and operational in nature. The KPI's must be relevant to the competencies of Local Government.

The number of indicators should serve the purpose of providing an adequate view of performance. For this reason, there should not be too few to skew the picture nor be too many to make it costly and unmanageable. A balanced set of indicators that cover most areas should preferably be used. Indicators should also be set for all entities and service providers when service delivery agreements are entered into. Such indicators are to be informed by the relevant KPIs.

The municipality will use indicators as a communication tool between all levels of staff, and between the administration and Council. It will also serve to identify the gaps between IDP strategies and the operational plans of the various departments. All indicators should be measurable, simple, precise, relevant, adequate and objective.

### **Types of Indicators**

The following types of indicators will be used:

#### **1. Input Indicators**

These are indicators that measure what it costs the municipality to purchase the essentials for producing desired outputs (economy), and whether the municipality achieves more with less, in resources terms (efficiency) without compromising quality. The economy indicators may be the amount of time, money or number of people it took the municipality to deliver a service.

#### **2. Output Indicators (measures/indicators of success)**

These are the indicators that measure whether a set of activities or processes yields the desired products or deliverables. They thus measure effectiveness – i.e., doing things correctly, and are typically associated with operational KPI's. They are usually expressed in quantitative terms.

### 3. Outcome Indicators

These are the indicators that measure the impact or net effect of the products or services of the products/programmes in terms of the achievement of the overall objectives. These indicators are strategically the most important to determine. It is thus about the relationship between outputs and outcomes and measures/indicators if the outputs succeed in achieving the desired outcomes or improvements, i.e. doing the right things. The municipality does not always have full and complete control over those aspects that are measured by outcome indicators. It thus measures/indicators the influence it has on conditions or developments in the area. As it is the strategic objectives of the IDP that should determine the desired outcomes of activities, it is important to determine if the outputs over which we have control, are the correct ways with which to address such issues.

### **Identification of Indicators**

The following aspects will be considered when identifying indicators:

1. Key Performance Areas (KPAs), Key Focus Areas (KFAs), strategic objectives and development objectives set in the IDP;
2. The activities, projects, programmes and processes identified in the IDP for achieving the developmental objectives as well as the ear-marked resources; and
3. Whether data and baseline information is available for its measurement in the MLM area.

### **Setting of Key Performance Indicators (KPIs)**

Key performance indicators must be set in respect of each of the development priorities and objectives referred to in Section 26(c) of the Municipal Systems Act. It must also be ensured that key performance indicators inform the indicators set for all its administrative units and employees as well as every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

The following SMART criteria will apply for the determination of KPIs and targets:

<b>S</b>	-	Specific
<b>M</b>	-	Measurable
<b>A</b>	-	Achievable
<b>R</b>	-	Relevant
<b>T</b>	-	Time-framed

### **National Key Performance Indicators (KPIs)**

General KPIs are prescribed in terms of Section 43 of the Municipal System Act (2000) and Outcome 9. The MLM takes cognisance of these indicators and will report on them as is required by the Act.

### **Review of KPIs and Targets**

The MLM will review its key performance indicators and targets annually as part of the performance review process or whenever it amends its IDP in terms of Section 34 of the Municipal System Act (2000).

### **Amendment of KPIs and Targets**

The MLM will amend its Key Performance Indicators and Targets in line with the Adjustments Budget.

#### **5.4.4 Performance Planning**

The performance of the MLM is to be managed in terms of its IDP and the process of compiling and IDP and the SDBIP, and the annual review of the IDP thereof constitutes the process of planning for performance.

It should be noted that the last component of the process is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the MLM has underperformed.

#### **5.4.5 Performance Measurement**

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. The setting of measures/indicators and targets happens during the IDP process and is linked to the strategic objectives of the municipality. To ensure the integrity of the indicators and targets set, baseline information based on backlog and current performance should be used as the basis for setting sound measures/indicators and targets. Performance measurement allows the MLM to compare their actual performance in relation to backlog and current (baseline) performance.

#### **5.4.6 Performance Monitoring**

Performance monitoring is an ongoing process by which a Manager accountable for a specific indicator and target as set out in the SDBIP continuously monitors current performance against predetermined objectives (PDOs). The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

#### **5.4.7 Performance Analysis**

Performance analysis involves the process of making sense of measurements/indicators. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

The executive management should also ensure that quality performance reports are submitted to the Mayoral Committee and that adequate response strategies are proposed in cases of poor performance.

#### **5.4.8 Performance Reporting**

##### **In-year Performance Reporting and Review**

The submission of the performance reports on scorecards to the Mayoral Committee for consideration and review of the performance of the MLM as a whole is the next step in the process. The first such report is a major mile-stone in the implementation of any PMS and it marks the beginning of what should become a regular event namely using the performance report as a tool to review the Municipality's performance and to make important political and management decisions on how to improve.

As indicated earlier it is recommended that the performance report on organisational and SDBIP scorecards be submitted to the Mayoral Committee for consideration and review on a quarterly basis. The reporting should therefore take place in October (for the period July to end of September- quarter 1 of the financial year), January (for the period October to the end of December – quarter 2), April (for the period January to the end of March - quarter 3) and July (for the period April to the end of June - quarter 4).

The review in January will coincide with the mid-year performance assessment as per Section 72 of the MFMA. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and thereafter report to the Executive Mayor/National Treasury and Provincial Treasury such assessment in respect of inter alia its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

The Mayoral Committee in reviewing the performance report on organisational and departmental scorecards submitted to it will have to ensure that targets committed to in the scorecard have been met, where they have not, that satisfactory and sufficient reasons have been provided by executive management and that the corrective action being proposed is sufficient to address the reasons for poor performance. If satisfied with the corrective action as proposed, these must be adopted as formal resolutions, minuted and actioned accordingly.

##### **Annual Performance Reporting and Review**

On an annual basis a comprehensive report on the performance of the MLM also needs to be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA. In summary it requires that:

1. All municipalities for each financial year compile an annual report;
2. The annual report be tabled within seven months after the end of the financial year (However, in terms of a National Treasury directive municipalities are required to approve the first draft of an annual report during August);
3. The annual report immediately after it has been tabled be made public and that the local community be invited to submit representations thereon;
4. The municipal Council consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the council's comments on the annual report;
5. The oversight report as adopted be made public;

6. The annual report as tabled and the Council's oversight report be forwarded to the Auditor-General, the Provincial Treasury and the department responsible for local government in the Province; and
7. The annual report as tabled and the Council's oversight report are submitted to the Provincial legislature.

The oversight report to be adopted provides the opportunity for full Council to review the performance of the MLM. The requirement that the annual report once tabled and the oversight report be made public similarly provides the mechanism for the general public to review the performance of the MLM.

The Council may also resolve that annually a public campaign be embarked upon to involve the citizens of the MLM in the review of municipal performance over and above the legal requirements of the Municipal Systems Act and the MFMA. Such a campaign could involve all or any combination of the following methodologies:

- Various forms of media including radio, newspapers and billboards could be used to convey the annual report;
- The public may be invited to submit comments on the annual report via telephone, fax and e-mail;
- Public hearings could be held in a variety of locations to obtain input of the annual report;
- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments; and
- Hosting a number of public meetings and road-shows at which the annual report could be discussed and input invited.

The following table is derived from the legislative framework for performance management and summarises for ease of reference and understanding the various performance reporting as it applies to the MLM:

REPORT TYPE	DESCRIPTION
<b>Quarterly IDP and SDBIP Reporting</b>	<p>The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through Section 71 monthly reports, and evaluated through the annual report process.</p> <p>The SDBIP information on revenue will be monitored and reported monthly by the municipal manager in terms of Section 71(1)(a) and (e). <i>For example, if there is lower than anticipated revenue and an overall cash shortage in a particular month the municipality may have to revise its spending downwards to ensure that it does not borrow more than anticipated.</i> More importantly, such information requires the municipality to take urgent remedial steps to ensure it improves on its revenue collection capacity if the municipality wants to maintain its levels of service delivery and expenditure.</p> <p>Section 1 of the MFMA, Act 56 of 2003 states that the SDBIP as a detailed plan approved by the mayor of a municipality in terms of service delivery should make projections for each month of the revenue to be collected, by source, as well as the operational and capital expenditure, by vote. The service delivery targets and performance indicators need to be reported on quarterly (MFMA, 2003).</p>
<b>Mid-year Budget and National and Provincial Report</b>	<p>Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.</p>
<b>Performance Report</b>	<p>Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:</p> <ul style="list-style-type: none"> <li data-bbox="541 1545 1356 1612">– The performance of the municipality and of each external service provided during that financial year;</li> <li data-bbox="541 1619 1356 1724">– A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and</li> <li data-bbox="541 1731 1356 1760">– Measures/indicators to be taken to improve on the performance.</li> </ul> <p>The performance report must be submitted at the end of the financial year and will be made public as part of the annual report in terms of chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.</p>

<b>Annual Report</b>	<p>Every municipality is required by Section 121 of the MFMA and National Treasury Circular 63 to prepare an annual report for each financial year, which must include:</p> <ul style="list-style-type: none"> <li>– the annual financial statements of the municipality or municipal entity as submitted to the Auditor-General for audit (and, if applicable, consolidated annual financial statements);</li> <li>– the Auditor-General's audit report on the financial statements;</li> <li>– an assessment by the accounting officer of any arrears on municipal taxes and service charges;</li> <li>– particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;</li> <li>– any explanations that may be necessary to clarify issues in connection with the financial statements;</li> <li>– any information as determined by the municipality;</li> <li>– any recommendations of the municipality's performance audit committee;</li> <li>– an assessment by the accounting officer of the municipality's performance against the measurable performance objectives for revenue collection and for each vote in the municipality's approved budget for the relevant financial year;</li> <li>– the annual performance report prepared by a municipality; and</li> <li>– any other information as may be prescribed.</li> </ul>
<b>Oversight Report</b>	<p>The council of a municipality must consider the municipality's annual report (and that of any municipal entity under the municipality's control), and in terms of Section 129 of the MFMA, within two months from the date of tabling of the annual report, must adopt an oversight report containing the council's comments, which must include a statement whether the council:</p> <ul style="list-style-type: none"> <li>– has approved the annual report with or without reservations;</li> <li>– has rejected the annual report; or</li> <li>– has referred the annual report back for revision of those components that can be revised.</li> </ul> <p>In terms of Section 132 of the MFMA, the following documents must be submitted by the accounting officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report:</p> <ul style="list-style-type: none"> <li>– the annual report (or any components thereof) of each municipality and each municipal entity in the province; and</li> <li>– all oversight reports adopted on those annual reports.</li> </ul>

### Schedule for Performance Reviews

The performance of the employee in relation to his/her Performance Agreement must be reviewed in accordance with the following schedule.

Quarterly performance appraisals shall be conducted for all contracted/permanent employees no later than two weeks after the end of the last month of the quarter for which the appraisal is being done

<b>First Quarter</b>	July to September	3 <sup>rd</sup> week in Oct
<b>Second Quarter</b>	October to December	3 <sup>rd</sup> week in Jan
<b>Third Quarter</b>	January to March	3 <sup>rd</sup> week in April
<b>Fourth Quarter</b>	April to June	3 <sup>rd</sup> week in July

The quarterly appraisal shall be performed:

1. Between the employee and his/her immediate superior.
2. The appraisal shall be based on actual achievement of the indicators agreed for each deliverable or target.
3. The employer must keep a record of the quarterly assessment meetings.
4. Performance feedback must be based on the employer's assessment of the employee's performance and supporting Portfolio of Evidence (PoE).

The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.

## 5.5 Performance Management Process

### 5.5.1 Municipal Level

The MLM organisational performance management system can be defined as the planning process whereby the MLM set the strategic agenda, vision and mission, as well as strategic objectives and development objectives for the upcoming financial year/s, and the desired performance results. Performance management at organisational level involves various phases:

#### Phase 1: Planning

The Integrated Development Planning process and the Performance Management Process should appear to be seamlessly integrated. The IDP fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process.

#### Phase 2: Priority Setting

In setting priorities, the municipality should inter alia consider the following:

1. An assessment of development in the municipal area, identifying development challenges and the status quo of the underdeveloped areas;

2. A long-term development vision for the municipality to address its development challenges;
3. A set of KPAs, strategic objectives and development objectives, based on identified needs, achievable in the current term of office, that would contribute significantly to the achievement of the development vision for the area;
4. A set of internal transformational objectives;
5. Additional projects and programmes identified in contributing to the achievement of the above objectives;
6. A financial plan and medium-term income and expenditure framework that is aligned to the priorities of the municipality; and
7. A spatial development framework.

To be useful in the management of performance, the IDP must provide very clear indicators by which to measure the achievement of the objectives and unambiguous targets for those indicators.

### **Phase 3: Setting Objectives**

All components of the IDP need to be translated into a set of clear and tangible development objectives (PDOs). This is a crucial stage in ensuring that there is clarity on the IDP and that the suitable indicators are found. A clear and concise construction of statement of objectives is needed. The statement requires a tangible, measurable and unambiguous commitment to be made. It is often useful to have a clear timeframe attached to this commitment in objective statement.

### **Phase 4: Setting Key Performance Indicators**

KPIs are measurements that tell us whether progress is being made in achieving our objectives. Indicators should describe performance dimension considered key in measuring performance. The ethos of performance management as implemented in local governments and captured in the Municipal Systems Act and Municipal Planning and Performance Management Regulations rely centrally on the use of Key Performance Indicators.

### **Phase 5: Setting Targets**

The municipality should have clear objectives for its IDP and identified appropriate indicators. Targets are purely objectives or milestones for what we intend an indicator to measure at various timeframes. Performance targets are planned level of performance or milestones the MLM sets for itself for each indicator identified. Targets are usually expressed in quantity or time terms.

### **Phase 6: Monitoring**

Monitoring is a continuous process of measuring, assessing, analysing and evaluating the performance of the organisation and departments with regard to KPIs and targets. Mechanisms, systems and processes for monitoring should provide for reporting at least twice per annum to the MLM council and the community, it should enable detection of early indication of under-performance and provide for corrective measures/indicators.

## **Phase 7: Review**

Review includes assessment of the system itself, the framework, targets, and performance targets of departments and performance measurement of employees. It identifies the strengths, weaknesses, opportunities and threats of the municipality in meeting key performance indicators, performance targets and general key performance indicators. It also measures/indicators the economy, efficiency, effectiveness in the utilisation of resources and impact in so far as performance indicators and targets set by the MLM are concerned.

Performance improvement and adjustment is based on review. The MLM should ensure that the community participates in review.

The organisational performance management processes have the following phases:

1. Performance planning;
2. Performance monitoring & reporting,
3. Performance reviewing (evaluation & assessment); and
4. Performance auditing.

### **5.5.2 Individual Level**

The Employee performance management system can be defined as the process through which the planned performance objectives as defined in the IDP are cascaded into the employee's Annual Performance Plans, thus allowing for the planning, coaching and monitoring, reviewing and rewarding of performance, and the enhancement of development, at the level of the individual employee. The process comprises of four phases.

#### **Phase 1: Planning**

This is about jointly identifying individual performance expectations and gaining the employee's commitment in achieving these expectations. This also entails the identification of KFA's and indicators, the establishment of year-end targets and the planning for the phasing in of the year-end target into quarterly targets (cumulatively and quarterly).

#### **Phase 2: Performance Coaching**

This is the phase of continuously tracking and improving performance, through feedback and reinforcement of key results and competencies. This is done with a view to timely detect performance relapses and to simultaneously introduce speedy remedial actions. A prescribed record sheet is used to record evidence and remedies.

During this phase, on a quarterly basis, the actual performance must be determined and be judged against the quarterly obligation as well as the cumulative performance and the standards that have been set in advance. During this phase it is also important to provide and present any evidence proving performance.

Although actual measurements are done each quarter, formal performance reviews only are to be done half yearly and year-end provided the documented performance in the first and third quarter is satisfactory.

### **Phase 3: Reviewing**

This phase involves jointly assessing performance against expectations (planned vs. actual performance) at mid-year and year-end. **The Manager/Supervisor is to set up formal quarterly reviews to assess the relevance of the objectives and the Employee's performance against the objectives and a formal final review in June.**

- **The process for reviewing performance is as follows:**

1. The evaluated employee to submit all required PoE to the manager;
2. The evaluated employee to prepare for the formal review by scoring him/herself against the agreed objectives and KPIs and targets;
3. The evaluated employee to submit the PoE;
4. The assessor/panel and evaluated employee will meet to finalise the formal performance review and agree on the final scores.
5. The assessor/panel to prepare final scores of the evaluated employee's performance.

Should the evaluated employee not agree with the outcome of his/her performance results, they may follow the dispute procedure as outlined in the Regulations for Section 57 employees and other employees to follow the MLM dispute resolution process.

The assessor/panel and evaluated employee must prepare and agree to a Personal Development Plan (PDP). This only needs to be done at the final review in June in conjunction with the annual skills efficiency analysis re-view.

- **The Evaluation Panel for reviewing performance**

According to the Municipal Performance Management Regulations, 2006, Regulation 27(4)(d) stipulates that:

- For purposes of evaluating the Municipal Manager:
  - Executive Mayor;
  - Chairperson or delegated member of the Performance & Audit Committee;
  - Members of the Mayoral Committee (MC);
  - Mayor and/or municipal manager from another municipality; and
  - One ward committee member as nominated by the Executive Mayor.
- For purposes of evaluating the annual performance of managers directly accountable to the municipal managers:
  - Municipal Manager;
  - Chairperson or delegated member of the Performance & Audit Committee;
  - Relevant Member of the Mayoral Committee (MMC); and
  - Municipal Manager from another municipality.
- For purposes of evaluating the annual performance of managers and specialists, an evaluation panel constituted of the following persons must be established:
  - Head of Department (Implementation phase)
  - Supervisor/Line Manager;

- Employee; and
- PMS specialist.

#### **Phase 4: Year-End Review and Rewarding**

This phase establishes the link between performance and reward. It aims to direct and reinforce effective work behaviours by determining and allocating equitable and appropriate rewards to employees. Permanent employees will initially be awarded non-financial rewards for good performance and ultimately financial rewards will be determined through the National Collective Bargaining process at South African Local Government Bargaining Council (SALGBC).

### **5.6 Performance Auditing**

#### **5.6.1 The Role of Internal Audit in terms of Performance Management**

The MFMA requires that the Municipality must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 45 of the Municipal Systems Act stipulates that the results of the Municipality's performance measures/indicators must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor-General.

The Municipal Planning and Performance Management Regulations stipulate that the internal audit section must on a continuous basis audit all performance and the auditing must include an assessment of the following:

- The functionality of the municipality's performance management system;
- Whether the municipality's performance management system complies with the Act; and
- The extent to which the municipality's performance measurements are reliable in measuring the performance of municipalities by making use of indicators.

#### **Functionality**

Function could be defined as a proper or expected activity or duty or to perform or operate as expected. This could also be applied to the operation of any system such as PMS. The internal audit section must therefore on a regular (quarterly) basis audit whether the PMS of the MLM is functioning as developed and described in this framework.

#### **Compliance**

The MLM PMS must comply strictly with the requirements of the Systems Act, Regulations and the MFMA. The MLM's internal audit unit, at least on a quarterly basis, verifies that the PMS complies with the said legal requirements.

#### **Reliability**

To rely could be defined as to trust or depend (upon) with confidence. Reliability in the context of PMS refers to the extent to which any performance measures/indicators reported upon could be seen as being reliable, e.g. if the performance target was to build 500 houses and it is reported that the target has been met or exceeded, it must be established whether the information is factually correct or only an estimation or even worse, purposeful misrepresentation.

Undertaking a reliability audit will entail the continuous verification of performance measures/indicators and targets reported upon. This will require that the MLM sets in place a proper information management system (electronically or otherwise) so that the internal audit section is able to access information regularly and to verify its correctness. The MLM's internal auditor must submit quarterly reports on the audits undertaken to the Municipal Manager and the Audit Committee.

### **5.6.2 Performance & Audit Committee**

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council must also appoint a chairperson who is not an employee. The Regulations gives municipalities the option to establish a separate performance audit committee whereas the MFMA provides only for a single audit committee. The operation of this audit committee when dealing with performance management is governed by Section 14 (2 - 4) of the Regulations which require that the audit committee must:

1. Review the quarterly reports submitted to it by the internal audit unit;
2. Review the municipality's PMS and make recommendations in this regard to the Council of the Municipality; and
3. At least twice during a financial year submit an audit report to the municipal Council;

In order to fulfil their function a performance audit committee may, according to the MFMA and the Regulations,

1. Communicate directly with the council, municipal manager or the internal and external auditors of the municipality concerned;
2. Access any municipal records containing information that is needed to perform its duties or exercise its powers;
3. Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
4. Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

## **5.7 General Performance Management Issues**

There are some general issues related to performance management that require consideration in implementing the PMS of the Municipality.

### **5.7.1 Managing Poor Performance**

Should an employee not achieve the predetermined objectives (PDOs), indicators and targets in his/her performance agreement, the manager and the employee should agree on corrective measures. (It is inappropriate that an employee is informed of his/her non-performance at the formal performance review). Employees **must** be given feedback throughout the year.

#### **Early Warning Mechanisms**

The municipality's 1st quarter performance report should be used as an early warning mechanism to determine whether the annual developed objectives, KPIs and targets will be achieved. The departments should review mechanisms to improve its performance and

indicate to the internal audit and Performance & Audit Committee how they intend to improve performance.

### **Addressing Poor Performance**

The management of poor performance should be seen as a corrective process, focusing on addressing issues that lead to performance related problems. Counselling is seen as the first corrective process, which should include the following:

1. Identify and agree on the problem;
2. Describe the impact of the poor performance;
3. Establish reasons for performance;
4. Decide and agree on what actions are required, and set the necessary timeframes; and,
5. Resource the agreed actions.

### **5.7.2 Reward and Recognition**

#### **Non-Financial Rewards**

Non-financial reward is based on recognising high performance in ways other than financial reward.

Such recognition could be based on the following three approaches:

- Informal - These are spontaneous and can be implemented with minimal planning and effort, e.g. calling an employee into the office and thanking him/her for a job well done and not discussing anything else.
- Awards for specific achievements and activities - These are tailored to reward specific achievements and behaviours desired most in the organisation, e.g. long service awards, monthly awards, etc.
- Formal – If the municipality has formal recognition programmes, some may be used to formally acknowledge (in public) significant contributions by individuals and teams, e.g. annual mayor's awards for excellence, etc.

#### **Performance Bonuses**

Although the regulations provide for performance bonuses the Midvaal Local Municipality has resolved not to award bonuses.

In view of the promulgation of Regulations providing for the recruitment, selection and appointment of Senior Managers (Government Gazette 37245, Local Government: Regulation on Appointment and Conditions of Employment of Senior Managers, Section 35, 17 Jan 2014), the policy is amended to the extent to provide for the payment of performance bonuses to Senior Managers appointed in terms thereof and in accordance with the directives in such Regulations and any applicable prescripts on performance management (Government Gazette 42023, Local Government: Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers, 8 Nov 2018).

The annual performance score of an individual is calculated based on the SDBIP results and core competencies rating added together to give a total score. This total score is converted by the assessment-rating calculator (in terms of the Regulations) for performance management and bonus purposes.

Paragraph 32 of the Regulations provides that a performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance.

In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that:

- a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
- a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

In the case of unacceptable performance (score between 0 – 99%), the employer shall:

- provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
- after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance doesn't improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his or her duties

### **Allocation of Bonus**

The table below provides for the threshold for the allocation of bonus and institution of poor performance management measures/indicators depending on the level of performance expressed in percentages in line with the regulations above.

The third column also provides actual thresholds for the payment of bonus with the fourth column, entitled Rewards or Corrective Action, providing the actual bonus quantum in proportion to the actual performance score with the determined thresholds.

Key terminology used in the Regulations is outstanding performance and unacceptable performance. A performance score of 130% and above will constitute "outstanding performance". A performance score between 100 – 129 % is deemed as "not fully satisfactory" and no bonus will be considered. A performance score between 0 – 99 % is deemed as "unacceptable" and will be dealt with in terms of the Poor Performance Management Programme.

Rating	Terminology	Percentage
5	Outstanding performance	150% and above
4	Performance significantly above expectations	146% - 149%
		141% - 145%
		136% - 140%
3	Fully effective	130% - 135%
2	Performance not fully satisfactory	100% - 129%
1	Unacceptable performance	0% - 99%

Where a manager acted in a position for a period longer than 3 months pro-rata bonuses may be considered. This will be within the discretion of the Municipal Manager (in the case of managers reporting to him/her) and Executive Mayor (in the case of the Municipal Manager).

### 5.7.3 Dispute Mechanism

The procedure for dealing with substandard performance is prescribed in Regulation 16 of the Disciplinary Regulations for Senior Managers.

The Municipal Performance Management Regulations for Section 57 managers provide clear guidelines for performance disputes relating to the performance agreements of the municipal manager and managers directly accountable to the municipal manager. Below is the process of dispute as it relates for Section 57 employees performance agreements as stipulated in the said regulations.

Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by:

In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC ; and

- In the case of managers directly accountable to the municipal manager, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee;
- In the event that the mediation process contemplated above fails, the relevant clause of the Contract of Employment shall apply.

The following process relates to dispute relating to employees below Section 57- employees:

- Conducting performance counselling in case of poor performance;
- If counselling does not yield results, employees are put on performance improvement process with action plan and clear timelines; and
- If performance does not improve, disciplinary process will be initiated, as per the mentioned Disciplinary Regulations.

## 5.7.4 Integrating PMS with the Council's existing Management Cycle

Leading practice indicates that PMS stand the best chance to succeed if it is integrated with the current management cycle of the Municipality. The purpose of such a cycle would be to guide the integration of important processes such as the strategic planning or development process in terms of the IDP methodology, the annual budget process and the formal process of evaluating and assessing Council's performance in terms of the approved PMS and this framework and it is recommended that the Municipality develop and adopt a similar cycle that is suitable to its own circumstances and requirements.

### Acronyms

CCR	Core Competency Requirement
<b>IDP</b>	Integrated Development Plan
<b>KFA</b>	Key Focus Area
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MMC</b>	Member of the Mayoral Council
<b>MFMA</b>	Municipal Financial Management Act
<b>MPAC</b>	Municipal Public Accounts Committee
<b>MSA</b>	Municipal Systems Act
<b>PA</b>	Performance Appraisal
<b>PMS</b>	Performance Management System
<b>SALGA</b>	South African Local Government Association
<b>SALGBC</b>	South African Local Government Bargaining Council
<b>MLM</b>	Midvaal Local Municipality
<b>NTFMPPPI</b>	National Treasury Framework for Managing Programme Performance Information

### Definitions

<b>Activity</b>	<b>It is an action or task that is performed with the intention of achieving the Key Focus Areas (KFAs)</b>
<b>Baseline</b>	It is the actual results of a project, programme or activity achieved during the previous financial year(s)
<b>Driver</b>	It is the person who takes ownership to execute a project, programme or activity

<b>Employee</b>	A person employed by the MLM as a Municipal Manager or as a Manager directly accountable to the Municipal Manager, and all other personnel employed permanently by the municipality
<b>Employer</b>	The MLM as represented by the Executive Mayor or the Municipal Manager, as the case may be
<b>Employment Contract</b>	A contract as contemplated in Section 56 of the Municipal Systems Act, as amended
<b>MLM</b>	Midvaal Local Municipality
<b>Key Focus Area (KFA)</b>	It is those areas in which the municipality must perform to ensure that the Key Performance Areas are achieved
<b>Key Performance Area (KPA)</b>	It is the performance area in which the municipality must perform to achieve its Mission and Vision
<b>Key Performance Indicator (KPI)</b>	It defines how performance will be measured along a scale or dimension (e.g. number of houses, km of road, percentage increase, etc.) to achieve the strategic objectives and KPAs
<b>National Key Performance Area (NKPA)</b>	This is a key area of focus determined at National level and is mandatory to all municipalities in South Africa
<b>National Key Performance Indicator (NKPI)</b>	This is a key indicator determined at national level and is mandatory for all municipalities in South Africa to regularly report on
<b>National Outcomes</b>	This refers to the 12 outcomes determined by National Government of which Outcome 9 is focussing specifically on local government
<b>Performance Agreement</b>	An agreement as contemplated in Section 56 of the Municipal Systems Act, as amended
<b>Performance Indicator</b>	It defines how performance will be measured along a scale or dimension (e.g. number of houses, km of road, percentage increase, etc.) to achieve the Key Focus Areas (KFPAs)
<b>Policy</b>	Basic performance management principles by which the municipality is guided
<b>Portfolio of Evidence (PoE)</b>	It is a file with a clear “paper trail” that serves as proof of the execution of a specific project, programme or activity. (It can include documents, pictures or any other form of evidence)
<b>Programme</b>	A sequence of scheduled activities and / or projects executed with the intention of achieving the Key Focus Areas (KFPAs)
<b>Project</b>	It is an initiative that is executed over a specific period of time with a defined beginning and end with the intention of achieving the Key Focus Areas (KFPAs). (It can be capital intensive or any other project)
<b>Strategic Objective</b>	It translates the Key Performance Area (KPA) into an outcome statement
<b>Strategy</b>	A plan of action designed to achieve the MLM's Vision
<b>System</b>	Detailed method and procedures formulated to carry out performance management
<b>Target</b>	It completes the performance indicator with actual numbers, percentages, rand values, etc. To be achieved over a specific period of time.

## **ANNEXURES:**

- Annexure A – List of Unfunded Projects
- Annexure A1 – Project Prioritisation per Ward
  - Annexure A2 – Provincial Department Projects
  - Annexure A3 – Midvaal Local Municipality Projects
- Annexure B – Midvaal 2020/2021 Spatial Development Framework
- Annexure C – Disaster Management Plan
- Annexure D – Local Economic Development Strategy
- Annexure E – Five Year Water Demand Management & Water Conservation Plan
- Annexure F – IT Disaster Recovery Plan
- Annexure G – Midvaal Integrity Management Strategy
- Annexure H – Human Settlement Plan
- Annexure I – Letter received from MEC COGTA on 2019/2020 IDP
- Annexure J – Response to letter received from MEC COGTA on 2019/2020 IDP



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